

foreign trade

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West Germany's Glass Industry (page 2)





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West Germany's Glassware Industry	2
Australia Strikes Oil	6
General Notes	
Australia, Brazil, Denmark	8
Italy, Japan, Mexico, Paraguay, South Africa	9
Spain, Sweden, Turkey, United Kingdom	10
How Ecuador Fared in 1953	11
India Aids the Textile Industry	13
Businessman's Bookshelf	15
The Milling Industry in France	17
Commodity Notes	
Argentina, France, Italy	18
Japan, New Zealand, Norway, South Africa, Turkey	19
Italy Defines Its Agricultural Policy	20
Natural Gas in the Netherlands	23
Foreign Trade Service Abroad	24
Foreign Exchange Rates	28

K31

OVER . . . A skilled glass-
worker in a West German
factory is blowing up the ductile
glass to a bubble, as the first
step in the making of a goblet.
Glassware ranks high among
West Germany's glassware
exports. For a story on the
industry and its postwar re-
covery, turn to page two.

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West Germany

The Glassware Industry and Its Markets

With postwar domestic demands decreasing, the German glass-makers have staged a successful campaign for export markets, particularly in Canada and the United States.

BONN—One of the most interesting case histories in Germany's postwar recovery is the glassware industry. The German Federal Republic now produces a greater volume of glass products than the whole of prewar Germany. This increase in production and capacity was essential to meet the immediate demands of postwar reconstruction. However, in 1950 the industry began a strong drive for export markets to compensate for an expected slackening of domestic demand. As a result, glass exports have risen steadily and continue to increase in the face of mounting world competition.

Postwar Developments

The postwar development of the German glass industry has been influenced by the political division of the country and the loss of important manufacturing centres in East Germany. The change in the status of the Saar has also influenced the postwar location of the industry in West Germany because of the importance of coal in the manufacturing processes. This need for coal has led a majority of the new plants which produce hollow and special glassware to locate in the Ruhr.

In World War II, almost all of the major glass works suffered bomb damage and much of this could not readily be repaired because of the shortage of materials and the general dislocation. However, West German demand for almost all types of glassware, including those types formerly manufactured in the East Zone, was very great. The result was that many new enterprises were established and older ones expanded, with the help of, or even on the initiative of, refugees from Eastern Germany and Czechoslovakia.

In 1936 Germany manufactured a total of 727 thousand tons of glassware, of which 450 thousand tons were produced in the present area of the Federal Republic. By 1950 the Western Zone produced 788 thousand tons; in 1951, about 950 thousand tons, and in 1952 some 880 thousand tons. About half these amounts represent hollow glass and the remainder flat glass products. The new industry benefits from increasing mechanization and greater efficiency, with the result that the total number of persons employed today is only 55,000, compared with 45,000 in the same area in 1936 and turning out half the present output.

Before the war, the hollow-glass industry was situated largely in the eastern part of Germany and the flat glass industry in the west. Therefore the postwar development was predominantly in hollow glass, which,



Crystal stemware before the war was made largely in what is now Eastern Germany, but plants established in West Germany after the war are supplying important export markets, and particularly the United States.

as early as September 1948, had surpassed the 1936 production. Much of the demand for hollow glass resulted from the increased West German use of bottles for milk, beer and foodstuffs. More important from the export standpoint is glass tableware, for which the Federal Republic is gaining a world-wide reputation.

The sheet glass industry received a strong impetus from the demand for window glass in the reconstruction and repair of buildings. In early 1950 the repair program was largely completed and sales fell sharply. By November the rate of new construction bolstered the market once more and since that time the domestic sales situation has not been unfavourable. The increasing use of glass in construction and industrial projects has assisted this branch of the industry during the past few years.

Former Importers Self-Sufficient

Probably the chief difficulty which faces the industry is the growing production of glass and glass products in countries which formerly bought from Germany. This trend was accelerated by the absence of the German products during and immediately after the war. Among the countries which have established their own glass-works and which are becoming relatively less dependent on imports are Argentina, Brazil, Australia, Canada, India, South Africa and Portugal. Some of these countries are looking for export markets for certain glass products. Currency problems and protectionism have also affected exports and the hollow-glass manu-

facturers in particular have been faced with foreign import restrictions and luxury taxes. They have found products such as fine quality tableware repeatedly classified as "non-essential" in postwar trade treaties.

However, despite these marketing difficulties, German glass exports contain a much higher proportion of finished goods than do German exports as a whole. High quality, high value glassware predominates. Generally speaking, Germany does not attempt to compete with the local manufacturer of bulk glass products in foreign countries, but rather offers those countries a type of glassware which is not widely produced outside Germany or, if produced, is of a different quality. Thus the strength of Germany's export position lies not only in advanced production methods but also in the efficiency, knowledge and skill of its craftsmen—qualities which have been developed by hundreds of years of tradition and experience. Finished products such as tableware, glass jewellery, optical goods, scientific glassware, etc., constitute approximately two-thirds of the total value of exports. The strength of this group is apparent from the table below.

Glass Exports from West Germany, 1950-1953

	(millions of dollars)			Jan.-Aug.	Jan.-Aug.
	1950	1951	1952	1952	1953
Raw glass.....	0.7	2.1	1.4	0.9	0.6
Semi-finished products...	3.5	8.0	7.3	4.6	5.8
Finished glassware.....	8.1	19.9	22.8	14.5	15.8
Total	12.3	30.0	31.5	20.0	22.2

Source: Foreign Trade of the German Federal Republic.

Not included in these figures is the indirect export of glass in the form of bottles containing wine, liquor, mineral water, beer, etc.; safety glass in autos; lenses in precision instruments, and similar articles.

Exports to Canada Rising

The Canadian market has become an increasingly attractive one for the German glassware industry and, after a slight drop in value during 1952, exports increased sharply during the first eight months of 1953. Although crystal is probably the best known of the German glass products being sold in Canada, sheet glass exceeds it in value. Other products selling in Canada include optical glass plates, bottles and jars, lenses, heat-resisting glassware, plate glass, wired glass sheets, mirrors, stained glass windows, and even artificial eyes. The rising trend of German exports to Canada is shown by the following table:

West German Glassware Exports to Canada, 1948-1953

	(thosands of dollars)					Jan.-Aug.	Jan.-Aug.
	*1948	*1949	1950	1951	1952	1952	1953
Raw glass.....	....	....	1.9	1.6	....	....	....
Semi-finished products	6.8	23.9	7.6	326.2	115.7	90.7	258.6
Finished glassware ...	14.9	44.6	146.7	379.5	367.1	231.9	396.3
Total	21.7	68.5	156.2	707.3	482.8	322.6	654.9

* Includes East Zone.

Source: "Der Aussenhandel der Bundesrepublik Deutschland". D.B.S. Trade of Canada (1948, 1949 only).

Western Germany has now regained its position as the leading supplier of glassware to the United States and provides 25 per cent of U.S. imports. Sales in 1952 totalled over \$10 million and statistics for the first eight months of this year indicate that this high level is being maintained. Exports to the U.S. have been particularly heavy in such lines as lighting fixtures and blown glass—and the latter has a very high labour content. Christmas decorations are also selling well, although they are out-ranked by sales from the East Zone. Last year exports of Christmas ornaments to the United States from West Germany were valued at \$326 thousand and those from East Germany at \$549 thousand. Because of Germany's lower level of wages, a good market in the U.S. is likely to continue, especially for those lines of glassware which are not well suited to mass production. West Germany's chief competitors in the American market are the United Kingdom, Sweden, Italy, Japan and East Germany.

Outlook Appears Good

To appreciate the full significance of the return of Germany to the world trade in glass products it is necessary to examine the background of the European glass industry. During the first quarter of this century, when many important steps were taken to mechanize glass production, European producers co-operated closely through patent and licence agreements and this relationship continued up to World War II. Not surprisingly, the glass industry was one of the first in Europe to restore business relationships in the postwar period. However, when glass production in almost all countries is increasing and foreign selling opportunities are shrinking, the danger of serious tensions developing is always present. The reappearance of Germany as a major producer and exporter in recent years has changed the outlook for competitors, especially because the prewar restrictive practices which controlled the world trade in glass no longer operate. Although competitive freedom prevails, fair trading practices have been the rule.

The glass industry in the German Federal Republic has reached and surpassed its well-known prewar efficiency and now produces glassware in larger volume and in better qualities. The war, with its severing of overseas connections, caused the German industry to lose touch with foreign markets and foreign tastes. However, during the past few years an intensive effort has enabled the industry to regain much of the ground lost. Czechoslovak and Eastern German sources have by no means been replaced, but the growing efficiency of the West German industry will no doubt tend to improve its trading position and to maintain its share of export markets, regained in the face of many obstacles. Today the West German glass industry offers the world's markets a full range of glassware and technical products which in design, finish, quality and price can compete with glass articles marketed by any other glass-producing countries. The increasing interest of German glassware firms in the Canadian International Trade Fair suggests that the industry does not intend to neglect the promising Canadian market.

—I. V. MACDONALD

Assistant Commercial Secretary for Canada

Australia Strikes Oil . . .

If the oil discoveries in western Australia live up to early expectations, the effect on the Australian economy will be far-reaching.

SYDNEY—Australia has literally struck oil after 61 years of fruitless search, the investment of more than £15 million, and the sinking of 290 unsuccessful wells. Western Australia Petroleum Pty. Ltd. made the discovery at Rough Range near Exmouth Gulf, about 680 miles north of Perth, Western Australia. The oil, a high-grade crude similar to Pennsylvania oil, was found at a depth of 3,605 to 3,620 feet in the first bore sunk in the Exmouth Gulf area and, in a 25-hour test, production was at the rate of 23 barrels an hour through a quarter-inch pipe.

Further Strikes Expected

It is, of course, too early to estimate the value of the oil discovery but it seems almost certain that a large field has been found. The type of sands in which the oil was discovered occur over a wide area of north-western Australia. The fact that the first bore produced oil in quantities capable of commercial exploitation raises hopes that many further strikes will be made during the exploratory drilling needed before any quantity production begins. There are many other areas in Australia which are promising oil prospects, such as the Fitzroy River Basin of the Kimberlies in Western Australia, the Roma district of Queensland, and the southeast part of South Australia near the Victorian border.

Western Australia Petroleum Pty. Ltd., the company which made the discovery, is owned jointly by the California Texas Corporation of America, which holds 80 per cent of the shares, and Ampol Exploration Ltd., which holds 20 per cent. Under a lease from the West Australian Government, the company has exploration rights over about 235 thousand square miles of country in Western Australia and other companies are excluded from exploring or drilling for oil in this territory. The lease provides for payment of 5 per cent royalties to the West Australian Government over a period of years.

For the past sixty years the search for oil in Australia has gone on spasmodically but in recent years it has been intensified. Drilling has been carried out in all the states and in the Territory of Papua and New Guinea—but with no success. The present strike at Exmouth Gulf will give new impetus to the search and will result in increased investment in oil exploration throughout the Commonwealth.

Will Save Dollars

Oil has been the biggest lack in Australia's mineral resources and the value to the economy of the discovery of substantial reserves of this strategic mineral cannot be over-estimated. More than £70 million worth of oil is imported every year and the finding of local sources of

supply will affect both her internal and external financial position. Australia's per capita consumption of petroleum products is among the highest in the world and in 1952 imports totalled 5,753,000 tons. Supplies of motor spirit, kerosene, and crude oil are drawn almost equally from Middle Eastern and Far Eastern fields; the bulk of lubricating oil and some aviation spirit is imported from the United States. Thus not only will Australia's overall external payments position benefit when she produces her own oil but she will be in a much stronger dollar position because oil is a major dollar expense.

Large amounts of overseas capital will undoubtedly be attracted not only for oil exploration but also for investment in subsidiary industries, including expanded refinery capacity and the establishment of petrochemical industries. Local secondary industries should also be stimulated, particularly because Australia lacks other power supplies and especially hydro-electric potential. The fact that the present oil strike was made in an isolated and sparsely inhabited area with few transport facilities will force the opening-up and development of the more remote areas of the country.

Other Facilities Needed

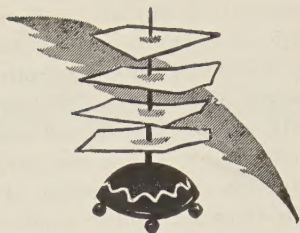
It will probably be many months before the full significance of the oil find is clear and the oil, if it is present in large quantities, exploited. If, however, further drilling confirms the finding of a large field, oil from this source could be on the Australian market within two years. Transport and storage facilities might prove major obstacles because there are no transport facilities in the Exmouth Gulf area. Wharf facilities could be provided reasonably soon but it is doubtful whether pipelines will be built for some considerable time. Refinery capacity will not prove as serious a problem as might be expected. At present, refinery capacity in Australia is sufficient for only about 20 per cent of the refined petroleum products required but four large refineries are already under construction, the largest in Western Australia, to refine three million tons a year. When these are completed in 1955 or 1956 all the refined petroleum products which Australia needs should be produced locally.

News Caused Sensation

The news of the oil discovery caused a sensation throughout Australia and on the day of the announcement the stock markets were thrown into near confusion. Stocks in Ampol Exploration Ltd. rose to fantastic levels and stocks of other companies prospecting for oil were also affected. The great enthusiasm with which the discovery has been hailed is perhaps premature and the experts are cautious in their forecasts. There is no doubt, however, that the strike is the most promising ever made in this country. If it proves to be a major find, Australia will be in the happy position of having most of the minerals necessary to industry and will rank among the fortunate few with ample supplies of oil, uranium, coal, lead, zinc and iron ore.

—C. M. FORSYTH-SMITH

Assistant Commercial Secretary for Canada



General Notes

AUSTRALIA

Trade with the East—Australia had a favourable trade balance of £87,081,000 with Eastern countries in 1952-53, compared with an unfavourable balance of £64,450,000 the previous year. Japan was Australia's best customer among the Eastern countries in 1952-53 and bought £83,958,000 worth of goods, of which £60,686,000 represented wool. Australia had a deficit trade balance with four countries—Indonesia, British Borneo, Netherlands Antilles, and China—Sydney, Dec. 8.

Trade Agreement with Germany—Australia has signed a new trade pact with Western Germany which will facilitate the entry of Australian goods exported to Germany and which will be in effect until August 1954. The main commodities exported from Australia to Germany are wool, wheat, eggs, apples, pears, honey, meat extract, pearlshell, minerals and metals. Australia's main imports from Germany are metals, metal manufactures, machinery, piece-goods, drugs, chemicals and fertilizers. This will be the third agreement between the two countries since the end of the war; the first was signed in London in January 1951 and the second at Canberra in October 1952. The agreement has been finalized but must still be approved by the two governments. Australia's exports to Germany in 1952-53 were valued at £A22·2 million, and its imports from Germany at £A13·6 million—Sydney, Dec. 8.

BRAZIL

Foreign Trade—Brazil's imports and exports fell by 43 per cent and 4 per cent, respectively, in the first eight months of 1953, compared with the previous period of 1952. The figures were: exports—1952, Cr.\$16,902·4 billion; 1953, Cr.\$16,286·7 billion, and imports—1952, Cr.\$28,198·9 billion; 1953, Cr.\$15,957·4 billion—Rio de Janeiro, Dec. 8.

DENMARK

Agricultural News—According to the latest official estimate, the grain harvest this year amounted to about 4,450,000 tons, or just under 3 per cent less than the bumper crop in 1952. A pig census taken on September 12th showed total stocks of 4,483,000 head, or 147 thousand head more than at the previous census taken on July 18th. The number of tractors owned by farmers was increased by 10,900 to 43,300 during the past year, and another 1,500 are owned by the tractor stations. Tractors are now employed by more than 50 per cent of Danish farms. Preliminary reports indicate that exports of

butter during the first ten months of the year aggregated 119,600 tons, as against 101,800 tons last year. Bacon exports in the same period increased from 157 thousand to 204,300 tons—Oslo, Dec. 14.

ITALY

New Industries—As part of the plan for the industrialization of the south of Italy, two new factories have just been completed near Naples. One is for the production of antibiotics and is located at Torre Annunziata. It will have a capacity, in full operation, of approximately 500 kilos of streptomycin and 1,200,000 unit vials of penicillin. The other factory, located at Casoria, will produce nylon yarn from synthetic fibre which will be processed first in factories at Novara and Pallanza, in the north of Italy. This factory's monthly production is estimated at 1,650 tons of nylon yarn and staple—Rome, Dec. 15.

JAPAN

Plan Petrochemical Industry—The Royal Dutch Shell group is planning to enter into agreements with Japanese petroleum firms to develop a petrochemical industry in Japan. At the present level of crude oil consumption—about 100 thousand barrels a day—the demand is not great enough to warrant the construction of the 25,000 barrel-a-day refinery necessary to support a petrochemical plant. But the market is expanding and preparations are being made to develop the industry within the next few years—Tokyo, Dec. 5.

MEXICO

Tax Earnings—Taxes on imported goods yielded 620 million pesos (approximately \$73 million) to the Mexican Treasury in 1952, against 360·6 million in the preceding year. Taxes on exports rose from 207·2 million in 1951 to 711·8 million pesos last year.

Taxes on imports represented 9·7 per cent of all federal collections last year, and 12·2 per cent in 1951. Taxes on exports represented 13·9 per cent of federal collections in 1952—Mexico, D.F., Dec. 18.

PARAGUAY

Paper Factory—The Government of Paraguay has granted customs tariff immunity for a limited period to an individual who plans to construct a factory to make pulp and paper from local materials. The person undertaking this project has stated that he is prepared to bring in a hydro-electric plant and the necessary machinery without drawing on the scanty supplies of foreign exchange held by the Central Bank.

The State has agreed to grant him free use of 50 per cent of foreign exchange earned by exports of pulp and paper from the factory he intends to build. This concession will stand for ten years—Montevideo, Dec. 3.

SOUTH AFRICA

Building Boom Continues—The value of building plans approved during the first nine months of 1953 was about 7 per cent above the figure for the same period last year. Approvals for residential buildings were

£2.8 million higher, at £25.0 million; for non-residential buildings, some 2 per cent lower, at £18.9 million, for repairs and renovations, 20 per cent higher, at £2.8 million—Cape Town, Dec. 2.

SPAIN

Truck Factory—A new factory will be established in Pueblonuevo, Barcelona, by Ford Motor Iberica, to manufacture light trucks with a loading capacity of 3 and 3½ tons. The initial output will be 3,000 trucks a year and all the parts, including tires, will be made in Spain—Madrid, Dec. 18.

Penicillin Factory—The Government has authorized a group of Spanish investors to build a factory in Pamplona to produce benzyl penicillin diaminoethyl ester. Technical assistance, on a royalty basis, will be furnished by the Danish firm, Leo Pharmaceutical Products Company of Copenhagen. This company will also supply the equipment as its share in the initial capital of the business—Madrid, Dec. 18.

SWEDEN

New Pulp Mill—Plans are complete for the construction of a mill in Skane, the southernmost province of Sweden, to turn out semi-chemical paper pulp. This factory will be the first in Sweden to manufacture this type of pulp; there are only three such factories in northern Europe—one in Finland, one in Norway and one in Germany—Stockholm, Dec. 14.

TURKEY

New Cotton Spinning Mill—A large cotton spinning mill, financed by the state-owned Sumer Bank, has just begun operations at Denizli, in the heart of Turkey's cotton-growing region in the southwest. Construction began four years ago. It covers a space of 50,000 sq. ft., is equipped with 15,580 spindles, employs 550 workmen, and has an output of 1,100 packs of cotton yarn a day—1,200 metric tons a year. Plans are already under way to double the capacity. Turkey still imports over 2,000 tons of cotton yarn a year from abroad, even though her raw cotton production of 150 thousand tons could provide all her cotton yarn requirements and still leave a large margin for export—Athens, Dec. 12.

UNITED KINGDOM

Exports at Record Level—According to provisional figures, British exports in November, at £239.9 million, were at their highest level for 20 months. Imports decreased to £272.4 million and reduced the United Kingdom trade deficit to £23.5 million, the lowest since November 1950. Exports for the second half of 1953 have so far been running some £17.9 million ahead of the corresponding months in 1952, but the lower exports in the first half of this year have not yet been fully offset.

United Kingdom exports to North America in November were £25.1 million. In the first eleven months of this year, exports to North America averaged £26.6 million a month, 16 per cent higher than last year. Exports to Canada have increased 23 per cent, and to the United States 10 per cent—London, Dec. 23.



Bananas are one of the four main crops in Ecuador and the country relies on banana sales abroad to bring in a substantial amount of foreign exchange.

How Ecuador Fared in 1953

*BOGOTA—Ecuador had a surplus of exports over imports totalling \$13 million in 1952, but this year it will be lucky to break even.

The main reason for this change is the drastic fall in rice exports—and rice is one of the mainstays of the Ecuadorean economy. Statistics on the four main exports for the first ten months of 1953 are compared, in the table below, with the figures for the same period a year ago and illustrate the trend.

Exports January to October

COMMODITY	1952	1953
Cocoa	19,346,485 kilos	20,526,951 kilos
Coffee	15,689,113 "	14,852,079 "
Rice	56,993,840 "	3,409,770 "
Bananas	13,829,509 stems	12,805,064 stems

Bearing in mind the decline in exports, it is hardly surprising that between January and October of this year reserves of foreign exchange shrank from \$35 million to \$30 million. Heavy forward buying, sparked by expected increases in duty on certain commodities when the new customs tariff goes into effect, accounted to some extent for the drain on dollar reserves.

Japan has contracted for three shiploads of rice to be delivered before the end of December and the Ecuadorean Government has approved a subsidy of \$600 thousand to exporters to make their selling prices competitive in world markets. Taking these sales into consideration, the Central Bank of Ecuador has estimated exports for the year at \$81 million

and imports at \$79 million leaving a small favourable balance of \$2 million. Currency in circulation rose from 1,037,821,000 sucres on December 31, 1952, to 1,124,878,000 sucres at the end of October 1953.

The Government has announced a major road-building program which will not only improve existing highways but will also open up rich agricultural areas not yet exploited because they are rather inaccessible. To finance this ambitious plan, gasoline is being taxed 60 centavos a gallon and the revenues thus derived will, it is believed, be large enough to pay for these projects. Contracts have already been let to an American and Venezuelan engineering firm and to an Ecuadorean company.

Mountain Pipeline Being Built

The serious floods and rains from March to May of this year devastated the coastal agricultural areas and damaged the four main crops considerably. Quito, the capital—which is up in the highlands and linked with the main port of Guayaquil by a narrow-gauge railway—was completely isolated for several weeks and had to depend on plane service for vital supplies. Gasoline, which comes up from the coast by tank car, gave out and most car-owners had to start walking.

To assure that this will not happen again, an American engineering firm is building a six-inch pipeline along the right-of-way and over the steep incline which divides the lowlands from the highlands plateau, over 9,000 feet above sea level. If the railway is again washed out, gasoline can be pumped from a point below to tank cars stationed above, and the oil will be kept moving to Quito. Eventually, the hope is, this pipeline will be extended from both ends to link Guayaquil with Quito and the expensive trip by rail will be eliminated.

—WILEY J. MILLYARD

Commercial Secretary for Canada

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

India

Aid for the Textile Industry

With production of cotton textiles up and sales down, the Government has taken measures to assist both the industry and its workers.

NEW DELHI—During the first nine months of 1953, production of cotton textiles in India remained unusually high, with the average monthly production reaching 413 million yards. For several reasons, it has proved difficult in recent months to dispose of stocks and the mills have accumulated large surpluses. They have tried to meet this situation by making reductions, sometimes up to 20 per cent, in the price of cloth but up to now this has not had any appreciable effect. During the last week of October two important mills in Ahmedabad closed one shift and 27 other mills put up notices of closure of shifts, involving the dismissal of over 10,000 workers. On November 24, the Government of India announced three measures to meet the situation, two designed to afford relief to the mills and one to help workers who may be either put on short time or laid off.

Measures to Help Industry

The export duty of 10 per cent on medium varieties of cloth was abolished immediately although the export duty on coarse cloth was retained. Fine and superfine varieties are not affected because they pay no export duty. In addition, the excise duty on superfine cloth was reduced from $3\frac{1}{4}$ annas to 2 annas (4 cents to $2\frac{1}{2}$ cents) a yard, but the excise duty on coarse and medium cloth at one-quarter of an anna (one-third of a cent) and on fine cloth at $1\frac{1}{4}$ anna ($1\frac{1}{2}$ cents) per yard, was retained.

The second measure to help the industry is an amendment of the Sea Customs Act to provide for rebate of import duty on imported cotton used in the manufacture of cloth which is exported. Imported cotton is largely used in the manufacture of fine and superfine varieties. The Government hopes that, as a result of these two measures, the outlook for the industry will distinctly improve and shutdowns and consequent unemployment be unnecessary.

Worker Protected

The third measure announced is, however, designed to afford relief to labour if the mills are forced to close down one or more shifts. By an Ordinance to amend the Industrial Disputes Act of 1947, the Government has provided for the payment of compensation for layoff or dismissal. The Ordinance lays down that no workman who has worked for a year shall be dismissed without a month's notice or pay, and he shall be given

half a month's pay for every completed year of service as gratuity. If a workman who has put in a year's service is laid off, the Ordinance provides that he shall be given half of the basic wages and dearness allowance for 45 days every year. The principle of "last come, first go" should ordinarily be observed in effecting retrenchment and retrenched workmen be given the opportunity to present themselves for re-employment when the situation improves and be given preference. This Ordinance naturally applies to all industrial undertakings and not only to the textile mills.

Measures Criticized

Although these three measures will doubtless give some relief to capital and labour in the textile industry, they have aroused several criticisms. Coarse cloth, the export trade's breadwinner, continues to bear the same level of export duty even though the industry can expect to earn a greater margin of profit in this line because of the cheaper Indian cotton. Another important point is that the measures apply only to limited sections of the industry; purely spinning mills or weaving mills with no export business, or those which do not produce superfine cloth, do not qualify for benefits of any kind.

Two days after these measures were announced, the Government of India issued another ordinance affecting the textile industry. By this Ordinance, an additional excise duty will be levied on cotton dhoties (Indian women's dress) produced in excess of the permissible quota. The duty will be on a graduated scale, ranging from two annas (2½ cents) to eight annas (10 cents) a yard on the quantity of dhoties produced in excess of the quota. The purpose of this Ordinance is to help restrict mill production of dhoties to the permissible quota.

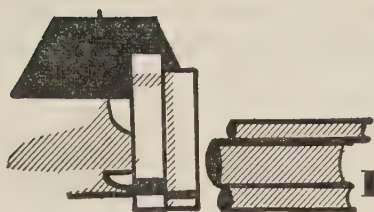
Handloom Industry Assisted

With a view to assisting the handloom industry by which many of the rural population augment their incomes, the Government of India in January 1953 passed orders restricting the production of cotton dhoties by mills to 60 per cent of their average monthly production during the period April 1951 to March 1952. Under these orders, the production of mill-made dhoties was brought down to about 30,000 bales a month, compared with the average monthly production of 50,000 bales in 1951-52. Certain units have, however, been exceeding their quotas and this latest Ordinance is intended to restrict their production within the limits allowed.

This measure will curtail mill profits and adversely affect prices to the consumer, but the general feeling is that it cannot effectively discourage excess production because a mill dhoti five yards long is approximately two rupees (40 cents) or almost 50 per cent cheaper than a handloomed dhoti. The increased prices of mill dhoties will still be much lower than those of handloomed dhoties and the consumer is not likely to buy more handloomed cloth as a result of this measure.

—RICHARD GREW

Commercial Counsellor for Canada



Businessman's Bookshelf

Trade Terms

International Chamber of Commerce. 136 pages. \$3.50 (\$2.00 to ICC members).

MOST BUSINESS CONTRACTS involving the movement of goods require the use of trade terms, the meaning of which often varies considerably from country to country. To avoid expensive confusion, the businessman should understand how his opposite number abroad interprets these terms and should be able, when necessary, to define the terms he himself uses.

To meet this need, the International Chamber of Commerce has prepared *Trade Terms*, in both English and French. First published in 1923, the present revised and expanded edition contains definitions from eighteen countries of ten important terms in common use: f.o.b., f.a.s., c.i.f., c.&f., f.o.r. (f.o.t.), free delivered, freight or carriage paid, ex ship, ex quay, ex works. Covered are the United Kingdom and the principal commercial countries of Europe, Morocco, Egypt, South Africa, Australia, the United States and Canada. The definitions are arranged in tables, showing the extent of agreement or difference in meaning in the various countries. Detailed notes set out any important differences or other irregularities of interpretation.

Order from: Canadian Council of the International Chamber of Commerce, 1411 Crescent Street, Montreal 5, Quebec.

The Empire and Commonwealth Year Book, 1953-54

Edited by Ronald S. Russell. 429 pages. \$6.50.

THE SECOND EDITION OF THIS USEFUL YEARBOOK follows the pattern of the first and presents well-organized data on the British Empire and the Commonwealth of Nations. Part I gives information on the departments of government, boards, organizations, societies, and officials who deal with various aspects of Commonwealth relations. It also helpfully defines the status of the various territories within the Commonwealth.

Part II gives, in brief compass, information about each territory, broken down by areas. Included are data on the history, climate, trade,

communications, population, etc., of each, and the names of the ranking officials. The section devoted to Canada covers 17 pages.

Part III covers 90 main raw materials and commodities produced within the Empire and Commonwealth, beginning with wheat and ending with shipping and shipbuilding. Statistics in this section cover export and import balance for each material, U.K. imports and preference granted, and prospects for future development.

Order from: The Empire Economic Union, 145 Abbey House, Victoria St., London, S.W. 1.

International Materials Conference, Final Report

International Materials Conference. 16 pages. Free.

ON SEPTEMBER 30, 1953, the International Materials Conference completed the task first assigned to it in February 1951 and took on "stand-by" status. This third report reviews its operations from March 1 to September 30, 1953—a period during which the last four of its seven original commodity committees wound up their activities. Included also is a review of IMC's operations and financial arrangements, membership, etc.

Order from: International Materials Conference, 811 Vermont Ave. N.W., Washington, D.C.

Belgium and Luxembourg—An Economic Survey

By A. H. Tandy, C.B.E. 88 pages. 90 cents.

ONE IN A SERIES OF OVERSEAS ECONOMIC SURVEYS published by the United Kingdom Board of Trade, this book was written by the U.K. Commercial Counsellor to Belgium and Luxembourg. As might be expected, some of the figures and tables in it are given in more detail for the United Kingdom, but this in no way detracts from the value of the book to anyone interested in these two countries. In its 88 pages, the survey presents the economic story of both Belgium and Luxembourg under the general headings of the national income and its distribution, finance, the national product of goods and services, and external trade and balance of payments. The annex on Benelux, the Belgo-Luxembourg-Netherlands Custom Union, which gives the history of the Union's developments, its present function and its future aims, should be of particular interest.

The author points out in a foreword that he completed his survey shortly before the floods which began February 1, 1953, and that the damage suffered by Belgium and the Netherlands may well change the economic picture, particularly for Benelux.

Order from: United Kingdom Information Office, 257 Albert St., Ottawa.

The Milling Industry in France

PARIS—Flour milling in France is carried on throughout the entire country on a regional basis, and there are some 8,000 separate mills with a capacity varying from 10 to 10,000 quintals of wheat per 24 hours. About half of the total production comes from mills handling from 100 to 500 quintals. Milling operations now are lower than in prewar because bread consumption has dropped.

During the 1951-52 crop year, French mills handled 5.1 million tons of wheat, compared with six million tons before the war, and produced 4.1 million tons of flour and one million tons of millfeeds. Approximately 600 mills work with rye but they are almost entirely on an artisan basis. Human consumption of rye in France has fallen each year; in the 1951-52 season it totalled only 25,000 tons. On the other hand, corn mills have been expanding and processed 80,000 tons for the breweries and for cornmeal.

Food Industries

There are about 50,000 bakery establishments in France, working mainly on a neighbourhood basis; only 12 are large plants. In 1951-52, bakeries used over 3.7 million tons of soft wheat flour, plus minor quantities of rye flour. The 1,100 biscuit manufacturers used about 90,000 tons of soft wheat flour and this industry has grown by 50 per cent since the war. In addition, 55,000 tons of flour were used by 200 establishments to make special breads and wafers; this industry has doubled its capacity since 1939. Special dietary products use about 12,000 tons of wheat flour, plus quantities of other grains. France has 385 factories turning out alimentary pastes for which 250 thousand tons of durum wheat are required. Twenty-five plants, chiefly in the region of Marseilles, produce semola.

Other Industries

The 40 malting and 100 brewing plants used 190 thousand tons of barley in 1951-52 and 10,000 tons of malt were exported. Distilleries used 1,500 tons of barley during the 1951-52 crop year. The production of starch is concentrated in nine establishments which processed 1,500 tons of wheat, 4,400 tons of rice and 100 thousand tons of corn in 1951-52. Rice mills during the same period handled 100 thousand tons of paddy rice.

Mills producing livestock feeds number around 1,200 and, apart from by-products of other industries, used the following grains: barley, 60,000 tons; oats, 150 thousand tons; corn, 138,500 tons; bran and millfeeds, 100 thousand tons. In addition, it is estimated that some six million metric tons of feed grains were used on the farms.

—V. F. WIGHTMAN

Office of the Commercial Counsellor for Canada



Commodity Notes

ARGENTINA

Timber—Argentina's soft and hard timber needs are supplied mainly by Brazil. However, the recent economic agreement with Paraguay provides for substantial quantities of timber of similar types. Small lots of timbers such as Baltic pine, white pine and spruce are imported from other countries, chiefly under compensatory trade agreements or for soft currencies. No hard currency has been spent for timber in recent years. Most of the imports are in log or square form for processing by the well-established sawmilling industry. The only timber of commercial importance which Argentina produces is quebracho, useful only for quebracho extract and firewood—Buenos Aires, Dec. 3.

Red Quebracho—Present stands of red quebracho in Argentina are estimated at 100 million metric tons. The annual average export in recent years has been some 185 thousand tons and this represents some 96 to 97 per cent of Argentina's total exports of forest products—Buenos Aires, Dec. 3.

FRANCE

Gloves—From a production[†] of over one million dozen pairs of gloves in 1938, the French glove industry's output in 1952 fell to 268 thousand dozen pairs. Exports have also dropped from the 1938 figure of over 300 thousand dozen to less than 115 thousand dozen last year. According to the industry, sales resistance to gloves is the result of the rise in prices caused by higher salaries and social security* and other taxes paid as a proportion of the wage bill. The large amount of hand labour which goes into French gloves makes their price sensitive to these factors.

Production this year appears to be rising. The average output a month for the first six months of 1953 was 38.6 thousand dozen, compared with 22.3 thousand dozen for the average month of 1952. Manufacturers hope that exports will also rise this year now that import restrictions against French gloves have been lifted by the United Kingdom and some Commonwealth countries—Paris, Dec. 17.

ITALY

Rayon, Cotton Textiles—During the first seven months of 1953, Italian production of rayon textiles improved slightly. The average monthly figure was 267 tons, an increase of 30 tons over the monthly average in 1952. Stocks in mills averaged 1,467 tons a month, against 1,977

tons in 1952. Cotton textiles showed no improvement over last year, when the average monthly production was 9,287 tons and stocks in mills averaged 33,613 tons a month—Rome, Dec. 14.

JAPAN

Staple Fibre—The Japan Chemical Fibre Association has announced that November production of staple fibre yarn amounted to 33,354,000 lb., surpassing by 340 thousand lb. the postwar record established last June—Tokyo, Dec. 9.

NEW ZEALAND

Cars—The New Zealand Government has granted an increase of 50 per cent in the number of motor vehicles which may be imported from sterling countries in 1954. This means, probably, that 35,000 cars and 5,000 other vehicles will be imported—Wellington, Dec. 10.

NORWAY

Whale Oil—Practically the whole 1953-54 production of whale oil has been sold; it is expected to amount to 150 to 160 thousand tons, valued at 220 million kroner. Prices vary between £67.10.0 and £71.0.0 a ton. The average price will be £68.5.0, compared with £71.10.0 a ton for oil produced during the 1952-53 season—Oslo, Dec. 15.

SOUTH AFRICA

Titanium—It is becoming increasingly probable that South Africa may be a leading supplier of titanium compounds. Two major discoveries were made in Natal last year and a new deposit, reputedly one of the richest in the world with an estimated value of £500 million, has been discovered near East London in the Cape Province. Exploratory work on this new series of claims continues while a pilot plant is being constructed. The rutile-ilmenite-zircon deposit discovered near Durban has proved to be far larger than was at first believed; it is now valued at over £40 million. Commercial production will be under way before the end of the year on a schedule calling for a yearly output of 60,000 tons of ilmenite, 6,000 tons of zircon and 3,500 tons of rutile. Minimum life of the high-grade deposit is 36 years; estimated total life is 94 years—Cape Town, Dec. 8.

TURKEY

Cement—Plant expansion is expected to increase Turkey's annual cement production from 1,025,000 to 1,245,000 metric tons. Plans are also under way for 14 new cement plants in various parts of the country, with a total capacity of 1.5 million tons a year. This increased cement production is planned because of the extensive road-building and construction projects now being carried on in Turkey. Consumption requirements for 1953 are estimated at about 1.7 million tons, as compared with 500 thousand tons in 1950. Recent imports have averaged about 400 thousand tons a year, mainly from Greece, Italy, Germany, Sweden, Yugoslavia and Israel—Athens, Dec. 3.

Italy Defines Its Agricultural Policy

New Government is maintaining previous support price on this year's record wheat crop, pushing land reclamation and development schemes, and encouraging productivity contests among farmers.

ROME—Developments in Italian agricultural policy in the past few months have been shaped by the change in ministers and the harvest of a record cereal crop.

After the June elections resulted in a parliamentary defeat for the De Gasperi Government, the former Minister of Agriculture was succeeded by Senator Rocco Salomone. Before his appointment, Senator Salomone was chairman of the Senate Agricultural Committee.

Guaranteed Wheat Prices

On the first day that the Senate convened after the formation of the new Government in August, a debate took place on the guaranteed price for wheat and the continuation of the system of partial delivery of the harvested wheat to government pools. An Order in Council passed by the previous Government continued in effect for the 1953-54 season the same level of guaranteed prices as for the previous crop. It also continued the partial "amassment" on which these guaranteed prices applied. The Order in Council was subject to parliamentary approval and this occasioned the August debate.

The level of the guaranteed prices and the partial "amassment" provided scope for debate on two phases of the general problem of support prices. The guaranteed prices—ranging from \$2.93 to \$3.15 per bushel for soft wheat and from \$3.25 to \$3.47 per bushel for durum wheat—appeared ample by North American standards, particularly in view of the decline in the prices of imported wheats and the abundance of the Italian harvest. These factors were not used by the Government or other parties as arguments for reducing the level of guaranteed prices. Instead, the opposition parties argued for an increase in the level of the guaranteed prices to take into account rising production costs. It was against such arguments that the Hon. Salomone announced the Government's decision to continue the guaranteed prices at the previous year's level.

Under the existing "amassment" law, about one-third of the total wheat marketed must be delivered to the compulsory "pool". This will be seen from figures on the disposition of this year's record crop:

	Metric tons
Seed requirements	1,000,000
Retained by growers for their own food	2,800,000
Compulsory deliveries	1,610,000
Voluntary pool	200,000
Free market sales	3,190,000
Total 1953 crop	8,800,000

Producers receive the government-guaranteed price on roughly one-third only of their total deliveries. A voluntary pool operated by the major producers' co-operative attracts a small portion of the deliveries. This is operated as an actual pool, with an initial advance appreciably below the prevailing market and with subsequent participation payments. The general practice, however, is to offer the remainder of the deliverable wheat on local markets where the domestic mills buy.

How "Amassment" Works

The principle of the partial "amassment" is a two-edged affair. When domestic supplies are tight and local prices are firm, producers are relatively happy with the free market and discontented with their compulsory deliveries at a fixed price. This year, when local supplies are heavy and millers have been offering less than the government-guaranteed price, an enlargement of the compulsory "pool" has been supported. Accordingly, the new Government's decisions not to change the guaranteed price nor the extent of the compulsory amassment were decisions of consequence. In the prewar regime all wheat deliveries were compulsory at fixed prices and postwar administrations have steered a middle course between the extremes of compulsory total deliveries at fixed prices and of having all the wheat sold on the free market without the benefit of any price support.

Because of this year's abundant harvest, Sen. Salomone announced in his first speech in the Senate as Minister that Italy would require no imports of wheat from North America during the present crop year. Relatively small quantities of durum wheat would be required but Italy would endeavour to secure these from the USSR and Turkey.

Relations with IWA

On the signing of the renewal of the International Wheat Agreement last spring, the Italian Government subscribed for a guaranteed quantity of 850 thousand tons, at a time when the prospects for the 1953 Italian wheat crop were something less than average. Unquestionably this year's record crop has altered the Italian attitude toward continuing as a member of the Agreement. No official statement has been made for or against ratification, but at the time of the October 20 meeting of the International Wheat Council, no action had yet been taken to introduce a bill into Parliament to provide for ratification. In the meantime, a few press articles have argued that because of this year's supply situation in Italy, the Italian Government could afford to withdraw from the Agreement.

Basic Agricultural Goals

A second occasion for the new Minister of Agriculture to state the Government's policy occurred at the conclusion of the Senate debate on the estimates for his department. His basic goals were simply stated: a quest for the maximum increment of production in Italy, the paring of production costs, expansion of export outlets, and active development under existing laws of the land-reclamation projects and land-use reforms. Before the Minister's statement, the debate from all sides of the Senate was concentrated on the developments under the land reclamation and reform projects.

In summarizing the current situation, Sen. Salomone covered the year's favourable production, pointing out that it had for the first time substantially exceeded prewar levels. The index of agricultural production, on a prewar base, stands at 114.4 for 1953 in comparison with 103.4 for 1952. Except for cattle and meats, olive oil and hemp, agricultural prices held reasonably well in view of the increased production. During the past year when the deficit in Italy's total trade balance increased from 325 to 581 billion lire, the deficit on agricultural commodities fell from 287 to 236 billion.

Farm Productivity Contests

To implement his policy for increasing production, the Minister stated that additional encouragement would be given to productivity contests which have found favour among growers in recent years. This year 18,000 farmers participated in the contests. The Twelve Year Plan to provide agricultural credit on a low-interest basis to purchase machinery and improve buildings will continue to receive encouragement. Some 202 thousand small landholders have been assisted in the consolidation of small holdings.

Postwar land reclamation projects have involved expenditures of the lire equivalent of \$255 million. Under legislation passed in 1949, these projects have been systematically planned and showed most striking results in the irrigation projects. Work is in full swing on the irrigation of two million acres, of which 900 thousand are located in north and central Italy and 1,100,000 in the south. In southern Italy, the work is passing from the water development stage to actual irrigation, where the greatest changes between dry-land and irrigated cultivation have been effected.

Improving and Distributing Land

The land redistribution being put into effect under legislation dating from 1949 has involved planning before expropriation as well as making the most effective use of the expropriated lands. Before settling any new owners on the land all the necessary improvements are being made, including the erection of farmhouses, the digging of wells, and the planting of small orchards. By mid-year, some 46 thousand families had already been settled on the new holdings. This represented completion of work on 550 thousand acres out of a total of 1,800,000 acres expropriated. The rate of settlement will be accelerated now that work on the improvements is in full swing. The Minister defended the time spent within the past three years in planning the projects on the grounds of their ultimate productivity rather than proceeding with undue haste. The full effects of the land reform projects under way, he said, would only be realized over the next several years.

—C. F. WILSON

Agricultural Counsellor for Canada

Natural Gas in the Netherlands

This new and rapidly expanding industry will reduce Netherlands' coal imports and save foreign exchange.

THE HAGUE—The discovery of petroleum and natural gas in limited quantities in the Netherlands has contributed substantially to the economy of this small country. Now Holland can supply 60 per cent of its coal needs, 100 per cent of its salt and 30 per cent of its petroleum.

The production and sale of natural gas in the Netherlands has expanded rapidly since development was begun immediately after the war. In August 1951 the Netherlands Natural Gas Company, a government enterprise, reported a daily output of 100 thousand cubic metres available over a period of ten years. Extensive exploration and further drilling during 1952, particularly in the northeast, have increased the reserves and confirmed a potential production of 200 thousand cubic metres a day over a period of 20 years. By December 1952—the last date for which figures are available—potential natural gas reserves totalled 2.92 billion cubic metres, or just over 100 billion cubic feet.

The Netherlands Natural Gas Company plans to install 469 kilometres of gas pipeline in the provinces of Drenthe, Friesland and Overijssel to collect and distribute the fuel. The lines, varying from four to eight inches in size, will operate at a pressure of 40 atmospheres. Almost three-quarters of the pipelines have already been laid and the remaining 100 kilometres will be completed towards the end of this year. The total cost of the installation is estimated at 30 million guilders.

Distribution and Price

At present, natural gas is supplied to 14 towns. Negotiations with other municipalities are under way and it is expected that a substantially larger number of households and industries will be taking it in the near future. The Royal Netherlands Salt Industry at Hengelo, the only salt producer in the country, has agreed to buy 170 thousand cubic metres for two years, thus becoming the largest individual user of natural gas in the country. Because of this, the industry has been given a special price of only 1.7 cents (Canadian) per cubic metre. Natural gas is being offered to municipalities at 3.4 cents (Canadian) per cubic metre.

In many parts of the country the feeling is that the price being asked is high. Consequently, the Natural Gas Company is now engaged in price discussions and these are temporarily slowing down expansion.

The development of Netherlands' natural gas will save in fuel consumption the equivalent of 168 thousand tons of coal a year over the next 20 years. Although this amount is not large, the saving becomes more significant when we remember that the country must import 40 per cent of its coal.

—W. G. PYBUS

Acting Commercial Secretary for Canada

Foreign Trade Service Abroad

* No Foreign Trade Officer at this post.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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*United States (Northern California, Wyoming, Nevada, Utah, Colorado, New Mexico), Hawaii	Consul General	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, SAN FRANCISCO 4	<i>Mail:</i> (City Address) <i>Tel.:</i> SUTter 1-3039
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Uruguay Paraguay	W. Gibson-Smith, Commercial Secretary	Canadian Embassy, MONTEVIDEO	<i>Mail:</i> Casilla Postal 852 <i>Cable:</i> CANADIAN <i>Mail:</i> Apartado 3306 <i>Cable:</i> CANADIAN <i>Tel.:</i> 55818
Venezuela Netherlands Antilles	J. A. Stiles, Commercial Secretary	Canadian Embassy, Edificio Pan American, Puente Urapal, CARACAS	
Venezuela Colombia	Acting Agricultural Secretary		

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.02960.

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 22	Notes (See below)
Argentina	Peso	Preferential buying	.1295	
		Basic buying	.1942	
		Preferential selling	.1942	(1)
		Basic selling	.1295	
		Free	.06991	
Austria	Schilling .....	.....	.03736	
Australia	Pound .....	.....	2.1835	
Belgium Luxem- bourg & Belgian Dependencies ...	Franc .....	.....	.01949	
Bolivia	Boliviano	Official	.00511	
British West Indies	Dollar .....	.....	.5686	(3)
	Pound .....	.....	2.7294	(4)
	Dollar	Brit. Honduras	.6823	
Brazil	Cruzeiro	Official selling	.05160	tax 8%
		Effective buying	.03425	(2)
		Coffee buying	.04158	(5)
Burma	Kyat .....	.....	.2040	
Ceylon	Rupee .....	.....	.2047	
Chile	Peso	Official	.00883	
Colombia	Peso	Basic	.3885	
Costa Rica	Colon	Official	.1730	(6)
		Controlled free	.1462	*
Cuba	Peso .....	.....	.9712	tax 2%
Czechoslovakia ...	Koruna .....	.....	.1349	
Denmark	Krone .....	.....	.1406	
Dominican Republic	Peso .....	.....	.9712	
Ecuador	Sucre	Official	.06475	(7)
		Free	.05608	
Egypt	Pound .....	.....	2.7890	
Fiji	Pound .....	.....	2.4589	
Finland	Markka .....	.....	.00422	
France	Franc .....	.....	.00278	
French Africa	Franc .....	.....	.00555	
French Pacific	Franc .....	.....	.01526	
Germany	D Mark .....	.....	.2312	
Greece	Drachma .....	.....	.000032	
Guatemala	Quetzal .....	.....	.9712	
Haiti	Gourde .....	.....	.1942	
Honduras	Lempira .....	.....	.4856	
Hong Kong	Dollar	Free	.1645	*Dec. 11
Iceland	Krona	Official	.05964	
		Special buying	.04592	
		Special selling	.03700	
India	Rupee .....	.....	.2047	
Indonesia	Rupiah	Basic	.08520	(8)
		Dollar certificate	.00183	"

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 22	Notes (See below)
Iran	Rial	Official	·03011	*
		Certificate	·01009	*
Iraq	Dinar		2·7195	
Ireland	Pound		2·7294	
Israel	Pound	Basic	2·7195	
		Investment	·9712	(9)
Italy	Lira		·00156	
Japan	Yen		·00270	
Lebanon	Pound	Free	·2993	
Mexico	Peso		·1123	
Netherlands	Guilder		·2556	
Netherlands Antilles	Guilder		·5150	
New Zealand	Pound		2·7294	
Nicaragua	Cordoba	Effective buying	·1471	(10)
		Official selling	·1377	
		With Surcharge I	·1206	
		With Surcharge II	·09664	
Norway	Krone		·1360	
Pakistan	Rupee		·2936	
Panama	Balboa		·9712	
Paraguay	Guarani	Basic	·06475	(1)
		With Surcharge I	·04625	(11)
		With Surcharge II	·03237	
Peru	Sol	Certificate	·05917	
Philippines	Peso		·4856	tax 17% (2)
Portugal	Escudo		·03390	
El Salvador	Colon		·3885	
Singapore & Malaya	Straits dollar		·3184	
South Africa				
(Union of)	Pound		2·7294	
Spain & Dependencies	Peseta	Basic buying	·04435	
		Basic selling	·08656	
		Basic commercial selling	·05913	(1)
		Free	·02494	
Sweden	Krona		·1877	
Switzerland	Franc		·2264	
Syria	Pound	Free	·2735	*Nov. 16
Thailand	Baht	Official	·07770	(1)
		Free	·04691	*Oct. 30
Turkey	Lira		·3469	
United Kingdom	Pound		2·7294	
United States	Dollar		·9712	
Uruguay	Peso	Official	·6394	
		Basic buying	·5456	
		Special buying	·4132	(1)
		Basic selling	·5111	
		Special selling	·3964	
Venezuela	Bolivar		·2899	(12)
Yugoslavia	Dinar		·00324	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
8. Indonesia: Effective buying rate is basic plus 70 per cent of dollar certificate rate. Rupiah value for other than essential imports is reduced by 33½ per cent, 100 per cent or 200 per cent depending on product. Cost of all dollar imports is increased by full amount of certificate rate.
9. Israel: An additional effective rate of 1·80 Israeli pounds to United States dollar for a wide range of imports and exports results from the use of a system of exchange premiums.
10. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
11. Paraguay: Basic rate applies to most Paraguayan exports.
12. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory notes see *Foreign Trade* of October 11, 1952.

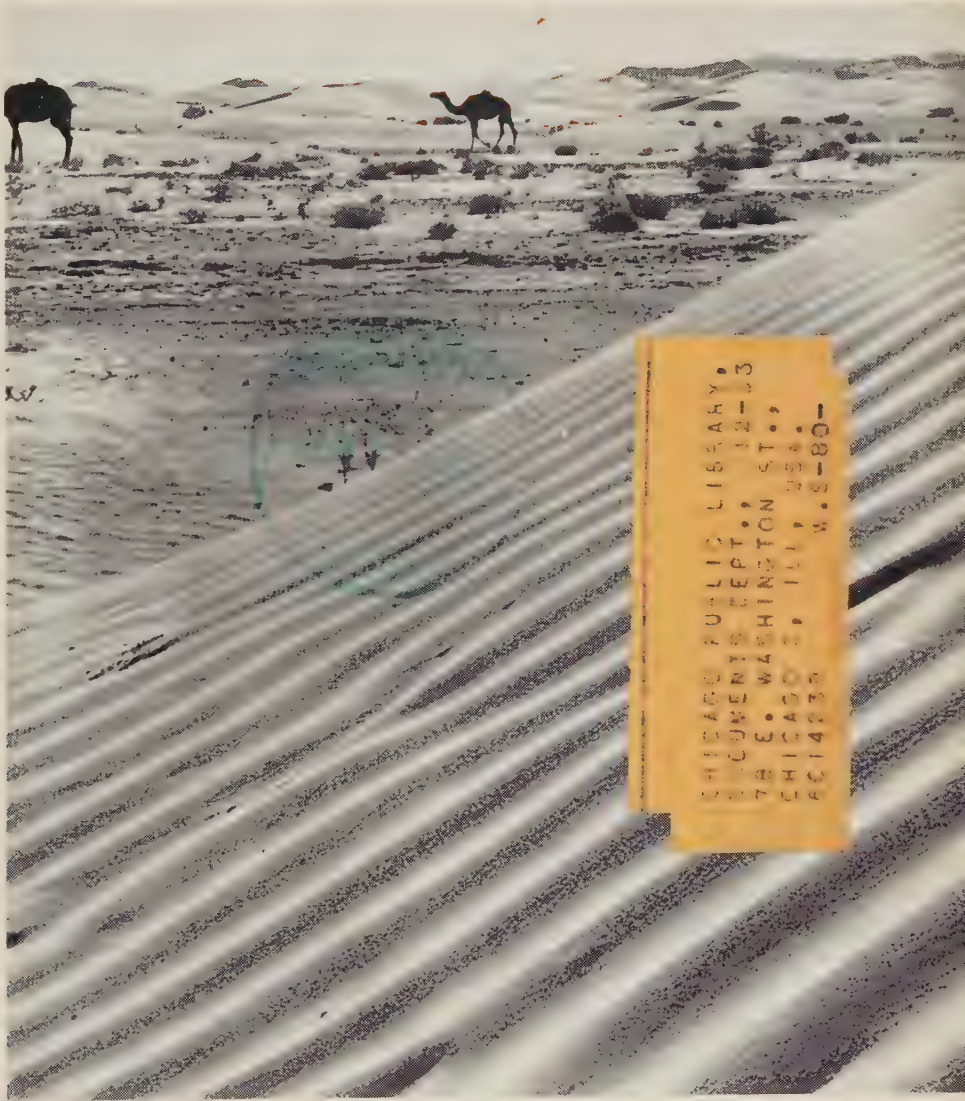
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JANUARY 9 SATURDAY

*...a New Year, and
"Foreign Trade" takes a
new look at the East
—a round-up of
business conditions in
Asia, Africa and
the Middle East.
—worth reading*

foreign trade

JANUARY 9, 1954



Asia
Business conditions in . . . Africa
Middle East





foreign trade

DL. 14

OTTAWA, JANUARY 9, 1954

NO. 367

By Way of Introduction	2
Business Conditions in:	
Belgian Congo	4
Angola	7
Burma	8
China	11
Egypt	13
Ethiopia	15
Sudan	17
Indonesia	19
Iran	22
Israel	23
Japan	27
Lebanon	30
Iraq	32
Syria	34
Philippines	37
Taiwan	41
Turkey	43
Foreign Exchange Rates	48

ER . . . Camels, sand
and the desert stretch-
to the far distance are
of many of the coun-
covered in this issue,
outlines business condi-
n 17 countries of Asia,
and the Middle East
the last twelve months.

—UN Photo

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Going to market in Indonesia, where Canada sold \$1.6 million worth of goods in the first nine months of 1953.

By Way of Introduction . . .

OTTAWA—This quarterly issue of *Foreign Trade*, covering non-Commonwealth countries in Asia, Africa and the Middle East, includes a vast territory of singular interest to Canada because of potential future developments.

With the exception of Japan, which is our third largest market and has achieved a high degree of industrialization, the remainder of the countries reviewed here are generally considered among the “under-developed” areas. For this reason, they may perhaps have been neglected by many Canadian exporters.

The many postwar manifestations of interest in such territories—Technical assistance under the United Nations, the U.S. Point Four program, Canadian participation in the Colombo Plan—indicate a growing awareness of their importance, both politically and economically.

Vast irrigation schemes are contemplated in many of these countries. In many they will be linked with the production of electric power, in all they will require greater agricultural mechanization to achieve their full fruition. In countries where other natural resources are available, plans are frequently beyond the blueprint stage. Finally, in the social sphere, new schools and hospitals and the provision of greater amenities are on the drafting boards.

This preamble perhaps places too much emphasis on the future and not enough on the immediate prospects. If one examines Canadian trade statistics, he will find that the seventeen countries under review in this issue, plus a few others, bought \$140 million of Canadian goods during

the first 10 months of 1952—at an annual rate of about \$170 million. The most notable fact about this volume of trade is perhaps not so much the absolute figure as the increase of 15 per cent over the first ten months of 1952. This trend is contrary to that of Canadian exports to the rest of the world, which have actually gone down to some degree during the same period.

Trade Prospects Bright

Some of this trade undoubtedly arose from special circumstances. Japan, for instance, was obliged to import more than its normal quantities of food grains and, because of shortages and the high price of rice, switched a considerable proportion of its imports to barley, which is specially processed to be mixed with rice and eaten in the grain. This trend, however, may be expected to continue and so creates a totally new market. Egypt was also short of cereals and bought unusually large quantities of Canadian flour. The beginning of relief activities in Korea under UNKRA has provided a developing market for Canadian goods.

Trade with Indonesia went down because of extremely rigid import restrictions and because Australian wheat and flour again became available. With both the Belgian Congo and Lebanon there was a considerable reduction in exports but since both have ample supplies of hard currencies, these seem to be temporary shortfalls rather than the beginning of a trend.

Taking the area as a whole, the picture is a bright one. Opinion is that much can be done to develop our exports to the Arabian peninsula (Saudi Arabia, Kuwait, Bahrein and Qatar all have important oil earnings); with Iraq for the same reason, and with many of the other countries which have extensive development programs.

The following table gives Canadian exports to the area for the first ten months of both 1952 and 1953:

Canadian Exports to Asia, Africa and the Middle East
(exclusive of Commonwealth Countries)

	10 months 1952	10 months 1953
Afghanistan	91,000	148,000
Angola	1,529,000	1,527,000
Arabia	1,704,000	2,140,000
Belgian Congo	5,491,000	2,728,000
Burma	600,000	416,000
Egypt	11,960,000	11,509,000
Ethiopia	47,000	49,000
French East Indies	230,000	327,000
Indonesia	5,900,000	1,703,000
Iran	516,000	647,000
Iraq	282,000	397,000
Jordan	82,000	36,000
Japan	71,076,000	85,381,000
Korea	247,000	13,722,000
Lebanon	6,132,000	4,978,000
Philippines	13,620,000	11,658,000
Portuguese Asia	201,000	160,000
Sudan	103,000	9,000
Syria	518,000	497,000
Taiwan	860,000	1,073,000
Thailand	1,512,000	1,311,000
Total	\$122,701,000	\$140,416,000

—JAMES P. MANION

Area Trade Officer for Asia and Middle East

Belgian Congo

- *Financial position somewhat improved in '53.*
- *Trade expanded and balance was favourable.*
- *Industrial and building program is progressing.*

LEOPOLDVILLE—The Belgian Congo's financial difficulties, brought on by the sharp fall in prices for most raw materials (with the exception of coffee and copper) have been partially eased, and now at the beginning of 1954 the Colony is standing on firmer ground. In December 1952 her exports and imports were barely in balance and in the first three months of '53 her trade showed a deficit. But the trend changed and by the end of July the Colony had achieved an overall favourable trade balance of \$15.4 million. The important industrial development and building program which started soon after the war is flourishing and there is every evidence that this expansion will continue.

The Belgian Congo is increasing its trade with European countries, notably Belgium and Germany, buying largely industrial equipment. Its leading imports are foodstuffs, textiles, transport material, and industrial machinery and equipment. Belgium remains the main supplier of and main market for the Congo; about 38 per cent of the Colony's imports come from Belgium and close to 42 per cent of its exports are sold there. Other important suppliers are the United States (approximately 24 per cent), the United Kingdom, South Africa and Germany, in that order.

Trade with Canada

Canada's exports to the Belgian Congo fell off considerably during 1953, totalling only \$2,728,085 million for the first ten months, compared with \$5,490,965 million for the same period in 1952. This sharp drop was partially the result of the sluggish trading conditions at the beginning of 1953. Most Congo retailers and distributors are still holding large stocks of Canadian food products imported during 1952, particularly powdered milk and canned sardines, but the situation should improve during the early part of this year. The value of direct Canadian exports to the Belgian Congo during 1952 was over \$6 million, the highest on record and about 37 per cent greater than for 1951. Canadian wheat flour still finds a good market here and flour shipments from Canada were valued at \$1,167,579 in the first ten months of 1953. The Canadian millers' share of this lucrative business may surpass \$1½ million by the end of 1953, an appreciable increase over the previous year.

Canadian exporters can judge the importance of the Congo market by the fact that the United States found an outlet here for about \$70 million worth of goods in 1952. U.S. exports for 1953, although somewhat lower, are expected to total about \$57 million. They include a wide range of commodities, from petroleum products, motor cars, earth-moving equipment and mining machinery to textiles, dairy products and beer.



This view of Leopoldville shows, at the far left, work going forward on the extension and improvement of the port, situated on the Congo River some 320 miles from the ocean. In the background is Stanley Pool, 19 miles wide.

Canadian imports from the Belgian Congo—consisting largely of palm and palm kernel oil and some coffee—totalled \$1·2 million for the first eight months of 1953 (\$989,590 in all of 1952).

Industrial Development

Since the beginning of World War II, industry and mining in the Belgian Congo have made remarkable progress. The following table shows the increase in output for some of the more important products.

	1939 (metric tons)	1952 (metric tons)
Copper	122,649	205,249
Manganese	2,600	127,978
Cobalt	1,500	18,129
Zinc	11,200	247,293
Diamonds (carats)	8,660,000	11,608,000
Cement	35,100	239,922
Chemicals .....	.....	59,000
Soap	400	14,976
Sugar	14,700	15,413
Beer HL	28,600	646,203
Textiles (millions of sq. metres)	11	43
Electricity (millions of kwh.)	272	972

The cotton textile industry expects textile consumption to reach 160 million square metres by 1959. Assuming that consumption reaches 100 million square metres in 1955, the Congo's three textile plants will be able to produce about 60 million square metres of all types. On this basis, 40 million square metres, principally prints, would be imported. Of the textile imports in 1952, about 4·38 square metres represented African prints compared with one square metre of other types of cotton textiles.

During the period 1948 to 1952, private investment in the Congo rose to \$720 million. In 1952 alone some 368 companies were formed, with capital of almost \$21 million. In that year too, 102 older firms increased their capital to a total of more than \$120 million.

The construction boom and the likelihood of additional projects have encouraged local production of a number of building materials.

Types of Imports Needed

Belgian Congo industries such as metal-working, shipbuilding, cement, asbestos tiling, bricks, footwear (leather and rubber), breweries, cigarettes, textiles and sugar refining are still in their infancy, but it is interesting to note that this industrial expansion has already stimulated the demand for a number of new imported commodities. The range of products needed includes rubber chemicals, stitching machines, open mills for the rubber footwear industry; more malt and hops for the expanding breweries; special metal-working machinery for corrugating the iron and aluminum sheets used for roofing and prefabricated hangars; anilines for the textile industries; electrical installations—including wiring, switch boxes, air conditioners, electrical insulators—for the many new buildings (two apartment buildings of 14 floors each are being built in Leopoldville), hydro-electric installations and heavy machinery.

Although all imports into the Belgian Congo are subject to import permits, the authorities have been granting licences freely for most goods, including those from Canada and other dollar countries. The machinery exists for putting rigid import controls into effect at any time, but it is unlikely that controls will be imposed unless prices for raw materials decline again.

The Congo as a Market

The Belgian Congo is a highly competitive buyer's market and in many cases importers are able to make their own terms. The European population is small, about 60,000. Therefore, exporters interested in the Congo should investigate the buying tastes of the African population, which increased by 14 per cent between 1938 and 1951, now numbers over 12 million and has increased its consumption by almost 100 per cent. The standard of living of the native population in this relatively young country is catching up with other parts of Africa where the people have lived for a century or more under the influence of European civilization. The number of products which the natives can afford to buy is still limited, but interesting. Some of the articles are locally-made footwear (leather and rubber); brightly coloured hats of varying styles; ready-made suits; textiles (T-shirts, native prints, etc.); gramophones, radios; manioc grinders; watches and clocks; bicycles, motorcycles, and kerosene lanterns.

The immediate outlook for 1954 is still somewhat clouded, although it is brighter than at the end of 1952. The Colony is going through adjustments after enjoying abnormally high profits from her exports of raw materials between 1950 and the early part of 1952. Today's lower prices for these raw materials have affected the Congo but the country's great mineral wealth should continue to keep the economy on an even keel.

—A. B. BRODIE

Canadian Government Trade Commissioner

Angola . . .

LEOPOLDVILLE—The year 1953 was not the most prosperous in Angola's history but as it ended, the situation was better than anyone in this Portuguese West African territory had dared to hope. Industrial progress over the past few years, though not spectacular, has been sure and steady. The introduction of more scientific methods has been favourably commented upon outside the territory.

The half dozen commodities which form the bulk of Angola's export trade—coffee, sisal, diamonds, corn, dried fish and fish meal, and cotton—are all sensitive to market variations and to climatic conditions. Fortunately for Angola, the world price for coffee remained relatively firm during 1953. Coffee represents about 45 per cent of the territory's exports and was responsible for the favourable balance of trade (Angs. 303 million) at the end of the first six months of 1953. Exports during this period amounted to Angs. 1,414,828,000 and imports to 1,112,302,000 (1 angolare equals \$0.03444 Canadian). The United States is still the major market for Angola's goods, followed by the United Kingdom, Portugal, the Netherlands and Germany.

Selling in Angola

Portugal, which receives preferential tariff treatment, was by far the leading supplier of Angola's imports during the first half of 1953, followed by the United Kingdom and the United States. The purchasing power of the four million odd natives is still small and not comparable to that of native peoples in its neighbour, the Belgian Congo. The principal items imported for the native trade include cheap textiles, rough agricultural hand tools, bicycles, some sewing machines and a small number of inexpensive radio sets. The bulk of the import list was (at the end of 1952) made up of industrial and agricultural machinery and instruments (28.3 per cent); yarns and soft goods (18.93 per cent); various manufactured goods (18.57 per cent); foodstuffs (18 per cent).

There has been little change in the foreign exchange position during 1953. Foreign exchange allocations for hard currency countries must still come from Lisbon. In principle, import licences give preference to goods from Portugal and rigid control is still in effect on goods from Canada and other dollar countries.

Much of Angola's import trade goes through firms established in Portugal. Local representation is advisable for consumer goods. The heavier products, particularly those sold to the Government under contract, are often more efficiently handled by a Lisbon firm which has its own branch office in Luanda. Tenders for such goods are invited in both cities. Good local representation is difficult to find in Angola because the number of first class firms of any size is limited.

Despite reduced prices for some of Angola's agricultural products (particularly sisal), the general picture for 1954 is not altogether discouraging. If the price of coffee continues at its present level, Angola's economy should be able to withstand the effect of lower prices and of other strains and stresses.

—A. B. BRODIE

Canadian Government Trade Commissioner

Burma

- *Balance of trade continues to be favourable.*
- *Five-year development plan instituted in 1953.*
- *Single-column tariff adopted in September.*

BOMBAY—Economic recovery in Burma has been retarded by unsettled conditions within the country, but continues to make slow progress. Agricultural yields in 1953 in general topped those of 1952 and output from the national oil fields also rose. Some mines have been reopened and an ambitious program of industrialization and rural reform has been started. However, even if all plans are carried through successfully, the Burmese authorities do not expect per capita output to exceed the prewar level until 1959. Any permanent improvement must also depend on the Government's ability to establish its authority over the whole country.

Developments in Past Year

The 1953 harvest of rice, Burma's principal crop and major export, is estimated as 6 per cent larger than that of 1952, though production remains far below the prewar level. The State Agricultural Marketing Board, which handles the rice trade, has found it difficult to sell the exportable surplus of 1½ million tons because of the high price demanded and the poor quality of much of the crop. India, formerly the best buyer, imported no Burmese rice in 1953 and Japan, Indonesia and Ceylon are not taking the full quantities they contracted for.

The Government has instituted a five-year plan for agricultural and rural development to run from 1953 to 1958. Among the various projects contained in the plan are:

- An increase in the area sown to rice of 30 per cent, cotton 80 per cent, and peanuts 100 per cent.
- The granting of subsidies and tax exemptions on additional land brought under cultivation.
- Provision for advice to farmers on modern agricultural methods.
- Granting of increased loans through a proposed Agricultural Bank.
- Carrying out of an intensive research program.

Last May, the Minister for Land Nationalization announced a further scheme to distribute ten million acres of uncultivated land free to landless peasants, each family to receive an average of ten acres.

Production of Burma's second most important export, teak, was cut drastically as a result of the war and its aftermath and many of the growing areas are still insecure and inaccessible. Because of the long interval between the girdling of the trees and the arrival of the teak at

the sawmill, no substantial rise in exports can be expected for some years. The State Timber Board markets three-quarters of the entire teak production and operates a number of large sawmills.

Mineral output, although it is rising steadily, has so far reached only a fraction of the prewar figure. Operations have been resumed on a small scale at the important Baldwin silver and lead mine, but output so far has come mainly from scattered smaller operations. Petroleum production by the Burmah Oil Company (1951) Limited at present supplies barely 40 per cent of domestic needs; before the war, some 200 million gallons were exported every year.

New Factories Planned

Manufacturing is still only in an initial stage of development and, for the most part, is operated along primitive lines. However, in August 1952 the Government launched a comprehensive eight-year development program involving both public and private capital. Planned or under construction are a steel rolling mill, a tile factory, a jute mill, a fertilizer plant, a pulp and paper mill, and two hydro-electric projects. To implement the first phase of this program, a Burmese purchasing mission made an extensive tour of Japan, the United States, and Europe early in 1953, placing orders for \$18 million worth of machinery and equipment. This will be used for one of the first large-scale rural electrification programs in Southeast Asia.

Transportation Presents Problem

Poor transportation continues to hinder the country's economic progress, because the chief products cannot reach their customary markets in normal volume. The U.S. Technical Co-operation Administration is giving aid for the construction of ports, river shipping, railways and highways and this help has proved invaluable, but much remains to be done. At present, air travel provides the only convenient and speedy means of transportation between Rangoon and the important towns of the interior. These air routes are operated by the Union of Burma Airways, a government corporation.

Foreign Trade

In spite of an increase of over 20 per cent in the value of imports in 1952, Burma's balance of trade has remained favourable and its foreign exchange reserves (mainly sterling) increased in 1953 to 1,075 million kyats (\$215 million). On September 30, 1953, the established system of preferential tariff rates in favour of the United Kingdom and India was replaced by a single-column schedule of rates applicable to all countries. It is expected that higher import duties will be levied on goods of British and Indian make and that imposts on goods from other countries will be lowered. That will put Japanese capital and consumer goods in a more favourable competitive position. In spite of high tariffs, exports from Japan into Burma rose from 54 million kyats in 1950 to 112 million kyats in 1951. In 1952, they dropped slightly to 107 million kyats.

Practically all industrial equipment and a wide variety of consumer goods Burma must obtain from abroad, so imports play an important role.

Principal suppliers are India, the United Kingdom and Japan. The following are the principal imports in order of importance, with main sources of supply indicated:

Cotton fabrics	India, Hong Kong, Japan, U.K.
Cotton yarn and thread	India, Hong Kong, Japan, U.K.
Bags and sacks for packing (principally jute gunny bags for rice)	India
Machinery and transport equipment	U.K., India, Japan, U.S.A.
Metals and their manufactures	U.K., India
Petroleum products	Middle East, U.S.A.
Paper	U.K., Norway, U.S.A., India
Peanut oil	India
Pharmaceutical products	U.K., India, Japan, U.S.A.
Tinned milk	Netherlands, Australia, Denmark
Fish and fish products (mainly dried)	India, Malaya
Rubber manufactures (mainly tires and tubes)	India, U.K.

Increased foreign exchange earnings over the past two years, largely the result of profitable sales of rice abroad, have permitted the relaxation of some import restrictions against goods produced in soft currency countries. An increasing number of commodities have been transferred to the open general licence category and for certain other articles, licences are being freely granted. The prohibition against the import of luxury goods, however, continues in effect and because the demand for dollar goods exceeds the country's present dollar earnings, imports from hard currency countries are still rigidly controlled. Imports of essential industrial equipment from dollar areas are only possible when they are financed by technical assistance programs.

Trade with Canada

Canada's trade with Burma has been relatively small in recent years and is not likely to increase greatly in the near future, unless the country's dollar exchange position improves considerably. Canadian exports to Burma for the first nine months of 1953 declined 30 per cent in value as compared with the same period of 1952. Shipments for the full year 1952 totalled just over a million dollars, a postwar high. Principal Burmese purchases from Canada are freight automobiles, with automobile parts, agricultural machinery, and gas engines and parts playing a minor role. Canada's imports from Burma in 1953, as in previous years, were negligible.

Future Prospects

In the coming year, economic activity in Burma is expected to reach a postwar high, with a rise of 12 per cent in gross production over 1953. Industry, agriculture, power development, irrigation, mining and fisheries development figure prominently in 1954 plans. The extent to which these objectives will be achieved depends upon the Government's implementation of the development program, on the securing of technical and administrative personnel, and on financial and material resources.

—W. P. BIRMINGHAM

Assistant Canadian Government Trade Commissioner

China

- *Several trade missions visited Peiping during 1953.*
- *Trade carried on by barter whenever possible.*
- *Letter of guarantee now preferred to letter of credit.*

HONG KONG—Information about China is meagre, sometimes confused and frequently of doubtful authenticity. But general indications are that the People's Republic of China continued to make economic progress in 1953. Reforms in agriculture are said to be well advanced and the industrial potential of the country is reported to be expanding. The Government apparently has the whole country in its firm grip but to carry forward development programs, it needs industrial equipment and technical know-how which only the West can supply. Current trade relations are fraught with many difficulties, not the least of which is China's shortage of foreign exchange and the fact that the terms of trade are rigidly dictated by the People's Republic.

Trade Missions to Peiping

In an attempt to develop trading relations with the Chinese mainland, a number of trade missions, both unofficial and official, journeyed to Peiping in 1953. The unofficial mission from the United Kingdom, which passed through Hong Kong in the early summer, was reported to have concluded contracts with the People's Republic of China for £15 million worth of trade in each direction. The French mission, also unofficial, is said to have closed a contract for the equivalent of US\$30 million worth of trade each way, with the following items to be exported from France to China: steel, machinery, motor vehicles, pharmaceuticals, chemicals and medical instruments—provided they are not of strategic importance. In return, China will supply tea, silk, vegetable oil, bristles and feathers.

The Japanese-Chinese trade agreement concluded just recently by an official mission to Peiping from the Japanese Diet is stated to involve £30 million sterling worth of trade. In exchange for raw produce from China, including coal and mineral ores, Japan is to supply all types of transportation equipment of Japanese manufacture, pharmaceuticals, electrical apparatus and cotton piece goods. An official trade mission from Indonesia is now in Peiping but no announcement has yet been made on their negotiations.

It is significant that China proposes to pay for imports under these contracts with raw produce. The reason is that China is woefully short of foreign exchange and prefers to trade on a barter basis whenever possible. It is reasonable to suppose that should restrictions on trade with the mainland be eased, the demand in the western countries for Chinese products could soon be filled. China would then be in the position of having neither acceptable products nor currency to offer for needed imports.



Junks like this one, pictured off the China coast, carry cargoes between ship and shore and within the sheltered waters of the Canton River.

As a means of conserving foreign exchange China favours buying goods direct from the manufacturer, thereby eliminating the middleman's profit. Evidence of this procedure is increasing; many manufacturers' agents in Hong Kong are now being by-passed by the mainland import authorities. They have even gone a step further. Rather than trans-ship at Hong Kong, they are encouraging their overseas suppliers to ship direct to Chinese territory. It is reported that the Chinese Communists are using small islands in the estuary of the Pearl River as trans-shipment centres. The island most frequently mentioned in press reports is Lap Sap Mei, about 40 miles from Hong Kong. Facilities are said to have been installed for the unloading of freighters and from this terminus, goods go in junks up the Pearl River to Canton. It is also said that Whampoa, near Canton, is being developed to take vessels of 10,000 tons and will be provided with six modern warehouses. Trans-shipping from ports other than Hong Kong serves another important purpose—it is a means of obtaining strategic goods from countries not subscribing to the UN embargo. Such goods, of course, cannot be trans-shipped via Hong Kong.

A second measure designed to conserve foreign exchange is China's austerity program. The emphasis here is on capital goods. Although non-strategic consumer goods are being offered to the Communists, imports are prohibited. Observers in Hong Kong believe that even if western restrictions on trade with China are lifted, there will be few opportunities to export consumer goods to the mainland.

The Chinese Communists' method of paying for imports has changed significantly with the advent of the letter of guarantee which they now favour over the letter of credit. The outstanding feature of a letter of guarantee is that it stipulates that payment for cargo will not be made until it has actually arrived at the designated Chinese port of entry. Thus the foreign exporter must shoulder the entire financial burden of the shipment and this involves considerable risk because the exporter is entirely at the mercy of the Chinese importer for final settlement.

Some letters of guarantee stipulate that payment will not be made until the goods have been inspected by the Chinese customs authorities. Instances have been reported where cargo was rejected for no apparent reason except that it was claimed to be "not up to standard". This has happened even when cargoes were inspected and tested before transshipment to the mainland and is one of the hazards in the China market.

—MILTON B. BLACKWOOD

Assistant Canadian Government Trade Commissioner

Egypt

- *Cotton prices rising but 1953 crop may be small.*
- *United States remained main supplier during 1953.*

CAIRO—Egyptian business conditions remained unsettled during 1953 and the local wholesale and retail markets were relatively inactive. Commercial and financial circles believe that a real improvement in trade will not come about until the Anglo-Egyptian negotiations over the Suez Canal question can be concluded to the satisfaction of both parties.

Cotton Harvest Smaller

Cotton has long played the major role in Egypt's economy but unfortunately in 1952-53 the estimated loss on the season amounted to £E9·6 million. In the new cotton season, buying prices have risen steadily and many cultivators are now holding their cotton off the market in the hope of still higher returns. The situation is likely to be aggravated if the Government's first estimate of the 1953 crop is correct. This places the total at the surprisingly low figure of 5·9 million cantars (1 cantar = approx. 99·05 lb.), the lowest output since the war years, when cotton acreage was greatly restricted.

A large number of commercial and payments agreements were signed during the year, including one with the Soviet Union and other Communist countries. All such agreements define clearly the commodities to be exchanged for cotton, mainly sugar, wheat, chemicals, timbers and machinery.

Rice once earned hard currency for Egypt but none was available for export during the crop year 1952-53, because of a reduction in acreage. In 1953-54, although the crop is estimated to be about 10 per cent larger

than the last one, officials again do not expect that there will be a surplus for export. In addition, the rice yield per acre is still lower than in prewar years.

Many industrial projects are being planned or are under consideration. Most important are a hydro-electric power project at Aswan, on which some progress has been made, and a plan to produce superphosphates which now have to be imported from dollar countries. Other schemes include the construction of factories to make yarns, jute, tires, paper, batteries and spare parts and two silos for the storage of grain. Particular attention has also been given to the production of iron in the Aswan and Kosseir regions but so far this project has not been implemented because it requires a great deal of foreign capital.

A major obstacle to industrial expansion is the unwillingness of foreign businessmen to invest their funds in Egypt unless the Government makes special tax provisions and takes steps to facilitate the transfer of profits abroad.

Customs Duties and Import Entitlements

Customs duties on many imported articles covering a wide range have risen sharply, particularly on "luxury" or less essential articles such as cigarettes; chocolates and confectionery; wines, spirits and beer; toilet requisites; silk, rayon and cotton piece goods, clothing; footwear; jewelry; electrical appliances; motor cars and watches. On the other hand, raw materials imported into Egypt for local manufacture have been exempted temporarily from customs duty.

The Import Entitlement Account was introduced to promote trade with the sterling and dollar areas. Local exporters are bound by law to hand over to the Government 25 per cent of the value of their sales of Egyptian produce payable in hard currency. (For details on the operation of this account, see *Foreign Trade* of May 9, 1953.)

Foreign Trade

Imports into Egypt for the first nine months of 1953 totalled nearly £E111 million, about £E33·75 million less than for the same period of 1952. Exports amounted to £E90½ million, compared with £E105 million in the first nine months of 1952.

The United States remained Egypt's chief supplier in 1953, though its share of the market dropped slightly, from 19 to 17 per cent. Probably the most significant development during the year was Germany's displacement of the United Kingdom as Egypt's second source of imports. The German Republic increased its sales by about 60 per cent during 1953, while those from the United Kingdom fell by over 50 per cent. Other important suppliers during 1953 were France, Italy and Canada.

Commodities imported followed the same pattern as in 1952. Wheat remained Egypt's major foreign purchase, (12 per cent by value of all imports), followed by petroleum products, chemical fertilizers, textiles, tea, manufactures of iron and steel, pharmaceuticals, tobacco, lumber and paper.

France became Egypt's chief market during 1953, followed by India, the United Kingdom, Italy, Germany and Japan, in that order. The dollar problem was intensified by a reduction in sales to the United States—from £E13·2 million in the first nine months of 1952 to less than £E4·4 million during the same period of 1953.

As in previous years, raw cotton constituted the great bulk of Egyptian exports. In the first three quarters of 1953, cotton sales totalled £E72·8 million, up £E6 million from 1952. Egypt is a principal source of long-staple cotton for the textile-producing countries of the world.

Trade with Canada

Canada continues to experience a large export surplus on trade with Egypt. During the first nine months of 1953 imports from Canada amounted to \$11·4 million, compared with \$19·4 million during all of 1952. In each period, wheat and flour made up approximately nine-tenths of the total. Motor vehicles and parts, copper wire, newsprint, milk powder and asbestos also went to Egypt, but business in these items varies considerably from year to year. The 1953 figure includes 9,563 tons of merchant shipping worth \$750 thousand.

Imports from Egypt totalled \$2·2 million during the first seven months of 1953, with purchases of raw cotton alone valued at \$2·15 million. In 1952 Canada purchased no cotton from Egypt and total imports for the entire year amounted to only \$462 thousand, mainly fresh onions.

—W. H. HOPPER

Office of the Canadian Government Trade Commissioner

Ethiopia

- *Brisk demand for coffee boosted export revenue.*
- *Imports increased by 10 per cent during 1952.*
- *Trade with Canada continues to be small.*

CAIRO—Trade returns for 1952 showed a considerable increase in Ethiopian import values and a slight falling-off in export values. The balance of trade was, on the whole, less satisfactory than in 1951. The principal export commodities and particularly hides and skins, and to a lesser extent coffee, suffered a setback—though cereals and oilseeds were exceptions. Imports nevertheless increased by 10 per cent, with the most marked rises in textiles, raw cotton and petroleum products. Imports of food, beverages, tobacco and vehicles fell off.

The year 1953, however, opened encouragingly for Ethiopia with a partial release of coffee and skins from stock for export. Coffee is the country's major source of revenue and with a brisk demand for it in the United States and Canada and rising prices, Ethiopian exports have exceeded the record set in the January-June period of 1952. Coffee represented about 60 per cent of total exports for the first six months of 1953, which were valued at E.\$53½ million. An important development was the reappearance in export trade of seed oils and wheat flour. Cereals were down and linseed only in slight demand.

Imports reached the highest level yet recorded, mainly because of a rise in the value of cotton goods and salt. The slump in textile prices has benefited Ethiopia because about half of all its imports are in

this category. Corrugated iron sheets were also important imports. In general, the rise in the value of imports appeared to stem mainly from the increase in the volume of consumer goods which are in great demand in the interior of Ethiopia.

Trade with Canada

The value of Canadian goods exported to Ethiopia in the past six months totalled \$31,705 Canadian. The main commodities were canned infant food, tires, and fountain pens, including sets.

The volume of trade between Canada and Ethiopia continues small; the only Ethiopian commodity in which Canada is interested is coffee, and Ethiopian coffee imports into Canada in the first six months of 1953 were valued at \$25,960 Canadian. Trade between the two countries is also handicapped to a certain extent because machinery or other equipment for development works now under way is supplied by the financiers of these projects.

Development Continues

In the past few months, foreign companies have shown increasing interest in Ethiopian development and investment possibilities. A small meat-canning factory has been proposed; some firms have been investigating the gelatin trade, and the installation of a pilot bone-crushing plant is under consideration.

The Technical Assistance Mission have been active and various subsidiary agreements have been signed for public health and education projects. A joint fund has also been established to purchase well-drilling equipment and supplies and establish a water development agency.

Some months ago, rumours began to circulate that the Sinclair Oil Company had struck oil in the southeast corner of Ogaden. A production expert arrived from America but work had to be suspended later, pending the arrival of equipment required to clear a blockage in the borehole. When this has been done, further progress should be possible.

Communications Improved

Asphalting has been continued on the Addis-Ambo road and grading and scraping went on near Addis Ababa. Culverts have been cleared and bridges repaired for some 80 miles further on to Lekempti but early rains brought repair work to an end. Now the newly asphalted road is showing signs of breaking up in areas where rain-sealing of the surface was not completed before the onset of the small rains. The Gondar-Asmara road has been considerably improved and freight rates, as a result, were lowered. Telephone communication with Asmara has been established, and further improvements in the communications network are planned.

—W. H. HOPPER

Office of the Canadian Government Trade Commissioner

Sudan

- *Imports drop as period of consolidation begins.*
- *Some new industries established in 1952.*

CAIRO—The year 1952-53 brought important and rather sudden changes to the economy of the Sudan. World-wide stockpiling immediately after the outbreak of the Korean war quickened the demand for Sudanese products and a record cotton crop in 1950-51 accentuated the rise in both the money value and the real value of the national income. Now, however, the boom is over and the country faces a period of consolidation. Consequently imports are bound to drop.

Foreign Trade

Evidence that the economic tide has turned is shown in the value of exports and re-exports, which fell from £E56,535,000 in 1951-52 to £E34,213,000 in 1952-53. Imports fell only slightly—from £E57,363,000 to £E55,330,000.

During the first six months of 1953 both the value and the volume of imports fell off. The volume of exports dropped sharply in 1952 because of the smaller cotton crop but rose slightly during the first six months of 1953. Imports of machinery and equipment, vehicles and base metals—most of which can be classed as capital goods for development projects—increased. Imports of petroleum products, fertilizers and coal also play a large part in the Sudan's development. Sugar and wheat flour arrived in larger quantities than ever before; the latter reflects the recent tendency for the Sudanese to eat bread made of wheat rather than of millet. Purchases abroad of jute sacks, grey cotton piece goods and rice declined.

Exports of cotton and gum declined and those of hides and skins decreased in value. Groundnuts to the value of £E1·3 million were exported, a record for this commodity.

The following table gives details of the principal imports and exports for the first seven months of 1953:

Imports	
	Value in Egyptian Pounds
Total Value	29,817,779
Food products, beverages, tobacco	6,365,074
Fats, waxes, animal and vegetable	86,988
Chemicals	1,464,897
Rubber and manufactures	325,369
Wood, cork and manufactures	508,077
Pulp, paper, cardboard and manufactures	168,053
Hides, skins, leather	76,353
Textiles	5,124,103
Clothing and made-up textiles	1,486,995
Products for heating, lighting and power and lubricants	2,297,293
Non-metallic minerals	791,756
Precious metals and stones	89,827
Base metals and manufactures	3,783,896
Machinery, apparatus, vehicles	6,165,253
Gold metal and specie	223,049
Miscellaneous	790,065

Exports

	Value in Egyptian Pounds
Total Value	22,417,171
Live animals	389,191
Cereals, maize, etc.	897,998
Oil seeds, nuts and kernels	3,794,841
Hides, skins and leather	532,660
Cotton, ginned, and sakel	12,442,762
Mother of pearl, ivory, etc., gums	1,729,120
Miscellaneous	1,732,373

Industrial Progress Continues

The outstanding industrial event of the year was the opening of the Sudan Meat Products Ltd. factory at Kosti. With the main construction work finished, a moderate program of slaughtering was undertaken with a view to proving the plant, training staff in unaccustomed duties, and testing the market. Corned beef and beef dripping made at Kosti are now on sale and have proved to be of good quality.

The Sudan Portland Cement Company's factory at Atbara had a much better year. An aerial ropeway for delivering limestone to the factory was installed, prime-movers were overhauled or replaced and extra grinding capacity was put in. Supplies of cement clinkers were imported from an associate company in Egypt and the factory can now meet practically all the Sudan's needs.

The sugar growing and processing project in Equatoria is in an experimental stage, but there have been delays in procuring piping and earth-moving machinery.

The Sudan produces a large variety of oil-bearing seeds and there are many projects under way for modernizing the old-type presses now in use.

Trade with Canada

Canada's imports from the Sudan for 1952 consisted mainly of amber and arabic gums, and cotton seed, to the value of \$75,565, but during the first eight months of 1953, they totalled only \$35,103. In 1952, the Sudan bought from Canada only \$103,992 worth of goods—largely timber, agricultural machinery and farm implements. For the first nine months of 1953, imports from Canada were valued at \$8,986, largely farm implements and farm machinery.

The volume of trade between Canada and the Sudan is comparatively small because of currency restrictions. The Sudan, like so many other countries, lacks hard currency and requests for import licences are carefully scrutinized and are granted only if the imports are considered essential and are not available from soft currency countries.

—W. H. HOPPER

Office of the Canadian Government Trade Commissioner

Indonesia

- *Trade showed favourable balance in first nine months.*
- *Strict controls have kept the volume of imports down.*
- *Lower world prices for rubber affecting export income.*

DJAKARTA—During 1953 Indonesia endeavoured to overcome the financial crisis that developed in 1952. It achieved some success in the first half of the year in keeping the budget deficit and the balance of payments deficit within the planned limits of 1·8 billion rupiahs each. On the other hand, the continued decline in world market prices for Indonesian exports, particularly rubber, has seriously affected the economy. Statistics indicate a favourable balance of trade for the year, largely because of a greater decline in the value of imports than in the value of exports. Strict import control regulations have been the chief factor in reducing import volume. The production picture has its shadows and cannot be considered satisfactory. Prices have increased substantially, primarily because of heavy import surcharges.

Financial Position

A comparison of the balance sheet of the Bank of Indonesia for October 28, 1953, with that of December 31, 1952, shows a notable decline in the gold holdings, foreign exchange assets, and foreign bills and balances with correspondents abroad. This decline has been accompanied by increases in foreign exchange liabilities, note circulation and government indebtedness and by a fall in current account balances. In the second quarter of the year, the Bank's advances to the Government declined by nearly two billion rupiahs, reflecting the profit on revaluation of gold holdings and receipts from advance payments on foreign exchange licences. The figures are:

	December 31, 1952	May 13,* 1953 (millions of rupiahs)	October 28, 1953
Gold holdings	892	2,365	1,701
Foreign exchange assets	224	368	145
Foreign bills and balances with correspondents abroad	674	627	409
Foreign exchange liabilities	874	641	862
Notes in circulation	4,327	4,961	5,275
Advances to the government	4,555	5,421	4,746
Account current balances	1,218	2,960	1,290

* The statement of May 13, 1953, shows revaluation of gold holdings on the basis of the devalued rupiah, brought about by the import surcharge system introduced in August 1952. The resulting profit was taken up in current account balances. The amount was transferred in June by a reduction in advances to the Government.

By reducing expenditures and, to raise revenue, subjecting another category of goods to import surcharges, the Government was able to keep the deficit within the planned limits during the first part of the year.

Taking expenditures for the first half of 1953 out of the 1953 budget, the deficit was close to 900 million rupiahs. However, if delayed expenditures from the 1952 budget and increases in cash balances are taken into consideration, then government disbursements exceeded receipts by approximately 1.58 billion rupiahs.

Balance of Payments

To keep the balance of payments deficit within a limit of 1.3 billion rupiahs for 1953, the Government increased import surcharges by making additional commodities subject to the 100 and 200 per cent import surcharge and by setting up a new list of products subject to a 33½ per cent surcharge. In addition, the advance payment for foreign exchange licences was increased early in 1953 from 40 to 75 per cent. In October the advance payment for a limited number of essential commodities was reduced to 50 per cent. Some success was apparent when the reduction in gold reserves and foreign exchange in the first half of 1952 amounted to about 400 million rupiahs, compared with the 600 million rupiah estimate.

In July, the Bank of Indonesia was forced to sell 350 million rupiahs in gold to maintain its foreign exchange holdings. As a result of further heavy losses of foreign exchange, the cumulative deficit at the end of July amounted to 800 million rupiahs, close to the limit. The deficit for the second quarter was larger than for the first and indications are that the situation will remain unfavourable, particularly in view of the large future commitments for imports.

Foreign Trade Declines

During the first nine months of 1953, Indonesia had a favourable trade balance of 376 million rupiahs; exports were valued at 6,888.5 million rupiahs and imports at 6,512.5 million. Trade in 1952 showed an unfavourable balance of 19.3 million rupiahs, with exports valued at 10,405.6 million rupiahs and imports at 10,424.9 million. The change stems from a greater decline in imports than in exports. Strict import controls, plus low purchasing power, have kept imports down. On the other hand, Indonesian attempts to bolster exports through inducement offers have not succeeded. The decline in world prices for rubber has been the chief factor in reducing the value of exports; rubber accounts for almost half of this country's sales abroad.

The pattern of Indonesia's foreign trade seems to be changing. This change does not affect Indonesia's chief trading partners, the Netherlands and the United States, but does touch the sterling area countries. Exports to the sterling area have fallen sharply—especially to Malaya, which has been taking about one-fifth of this country's exports. Final figures for the year probably will record a decline in imports because of the present ban on goods from Hong Kong, Singapore and Penang, which have been a source of almost 10 per cent of Indonesia's imports. Japan has been increasing her purchases from Indonesia but selling less to her. Imports from Thailand have also fallen off severely during the present year.

Because Indonesia placed restrictions on all but the most essential dollar purchases, exports from Canada fell off drastically in 1953. For the first nine months they amounted to only \$1,625,000 compared with



On country roads in Bali, now part of the Republic of Indonesia, distinctive carts drawn by Brahman oxen are a fairly common sight.

\$6,250,000 for all of 1952. The chief products shipped in 1952 were motor vehicles and parts (\$775,000), gas engines and parts (\$185,000), semi-fabricated aluminum (\$123,000). Sales of wheat flour, which totalled \$1,626,000 in 1952, dropped to \$76,000 and the market for cotton fabrics, newsprint and wrapping paper disappeared.

Despite this development, the balance of trade between the two countries remains greatly in Canada's favour. In the first eight months of 1953, Indonesia sold to Canada goods worth \$442,986, chiefly crude rubber, cigar leaf, black tea, kapok and Manila and sisal fibres. Sales for the whole year will probably be slightly lower than in 1952, when they totalled nearly \$900 thousand.

Production

Production in Indonesia for 1953 cannot be considered good. There has been some improvement in agriculture, the mainstay of the economy, but this has taken place on the large estates operated by private firms and by the Government. Estate production, with the exception of cinchona bark, hard fibres, and tea, increased substantially during the first eight months of 1953 over the same period of 1952. Because of inefficiency and poor yields, the production of crops on the smallholders' estates operated by natives has slumped. There seems to be little information on the output of goods by secondary industry for domestic consumption.

The production of food is going up and a large rice harvest will mean a further decline in rice imports. For 1953 they are estimated at 300 thousand tons, compared with 600 thousand tons in 1952. Other crops with increased output included corn, sweet potatoes and soybeans.

Sugar—The sugar industry has been making a come-back but recovery is slow because of economic uncertainties, lack of capital and

the heavy cost of repairing mills. Production from the 1952-53 crop was estimated at close to 574 thousand metric tons, compared with 458 thousand tons in 1951-52 and 1.6 million tons in 1939-40. Nevertheless, some export business (94,000 tons) was developed during the past year. Indonesia has not signed the present International Sugar Agreement because of the low export quota (250 thousand tons) assigned to her. The fact that Indonesia has not signed could add to the difficulties of finding outside markets in 1954.

Rubber—Information for the first nine months of 1953 indicates that rubber production will fall short of the 777,451 metric tons produced in 1952. This is attributed to a decline of 17 per cent in the output of smallholders' rubber; estate production was running about 8 per cent over that of the previous year. Production for the nine months totalled 530,951 metric tons—295,012 tons of smallholders' rubber and 235,939 tons of estate rubber. In the previous year, smallholders' output totalled 471,561 metric tons and estate production 305,890 tons. Exports of rubber for the nine months stood at 530,527 metric tons, of which 294,628 tons was smallholders' rubber and 235,899 tons estate rubber.

Oil—The petroleum industry of Indonesia, the second largest source of foreign exchange, is continuing to expand. Production exceeded the prewar level in 1951 and has kept on rising. For the first ten months of 1953 it was running at an annual rate of 9.4 million metric tons, compared with 8.5 million in 1952.

Tin—The tin industry has been operating at close to capacity for 1953 and output may be about 35,000 tons for the year. Exports are slightly below 1952 and will probably amount to over 30,000 tons. The big factor in tin production for 1954 will be the renewal of the tin agreement with the United States and the price at which tin will be purchased. It is doubtful whether the U.S. will pay \$1.21 per pound for the final year, as it did during the first two years of the contract.

—W. D. WALLACE

Commercial Secretary for Canada

Iran . . .

THE MOST IMPORTANT EVENTS of the year in Iran were first, the overthrow of the Mossadegh regime, and second, the resumption of diplomatic relations with the United Kingdom just before Christmas. The year 1954 opens with some anticipation that the climate will be more favourable for a solution of the oil stalemate.

Iranian trade has been in the doldrums since the unfolding of the oil dispute. In 1948 her exports reached a high of US\$589,800,000, of which about 40 per cent went to the United Kingdom. By 1952, her exports to all countries had dropped to US\$149,800,000, of which only US\$8,900,000 went to the United Kingdom. Similarly, Iranian imports from all sources came to only \$160,900,000 in 1952.

Iranian trade statistics for 1953 are not available, but it is known that her trade position continued to deteriorate and the United States felt obliged to grant US\$45 million in special assistance immediately after

the installation of the Zahedi Government in September. This was intended to tide the country over its foreign exchange difficulties until springtime. This sum was in addition to US\$23 million previously granted under Technical Assistance and an estimated US\$14 million in military aid.

Canada's total exports to Iran amounted to \$1,000,480 in 1951, fell to \$584,597 in 1952, but rose again to \$647,179 during the first ten months of 1953.

The most important commodity in the latter period was polystyrene, which accounted for \$120,457, followed by lamps and lanterns valued at \$93,476. The various items making up the agricultural machinery schedule came to about one-third of the total.

The latter figure is significant because it indicates that Iran has continued its agricultural development program despite its exchange difficulties. It may presage an accelerated development in that direction if the oil dispute is finally settled satisfactorily.

—JAMES P. MANION

Area Trade Officer for Asia and the Middle East

Israel

- *Exports rose by some 30 per cent during the year.*
- *Outside financial assistance is still required.*
- *Price and credit terms deciding factors in this market.*

ATHENS—The past year in Israel was one of transition from a rigidly controlled economy to one where some small but encouraging signs of liberalization appeared. The exporter can now use his foreign exchange earnings to import raw materials. Controls on price and quantity of all but basic foodstuffs and certain industrial products have been lifted. On the whole, the tempo of trade has been maintained; total imports equal those of the previous year, but foodstuffs and raw materials increased at the expense of capital goods. Exports went up by a satisfactory 30 per cent. Business has, however, been impeded by the higher but more realistic rate of exchange charged for many imports after mid-year, by bank credit restrictions, and by a shortage of working capital.

Opportunities for dollar area suppliers, and for Canadian exporters in particular, have unfortunately fallen off over the past twelve months, especially in most semi-processed and finished goods and even in primary products. Notable exceptions are wheat, meat and asbestos. The main reasons for this decline in dollar purchases are: first, reduced hard currency receipts; second, competition from Germany in capital equipment and industrial raw materials, following the recent ratification of the Reparations Agreement, and third, the continuing reliance on trade with certain European and other countries in which Israeli goods can be marketed through bilateral clearing agreements and barter deals. The willingness of European suppliers to grant generous credit terms is also important.

This general trend in Israel's foreign trade is likely to continue as long as her balance of payments position remains delicate because of heavy reliance on outside financial assistance and the minor part played by exports. Although exports from Israel to Canada have shown a satisfactory increase over the past year, mainly because of larger cut diamond shipments, the trade between the two countries is still heavily in Canada's favour.

Canadian exports to Israel were down by almost 50 per cent, to \$3.6 million for the first six months of 1953, compared with the same period in 1952. The main reasons for this decline were the almost complete elimination of arms and ammunition (\$1.5 million in 1952); negligible flour shipments following the establishment of sufficient milling capacity in Israel; and decreases in shipments of agricultural machinery and parts, lumber, plywood (now produced locally in sufficient quantities), newsprint, tires and tubes, brass, copper and aluminum, antibiotics, polystyrene, and textile products. Shipments of wheat, however, Canada's main export to Israel, went up by one-third during this period, canned meat orders doubled, and asbestos shipments increased substantially. In addition, rubber boots and shoes, hides and skins, fish oil, and tissue paper produced in Canada were on sale in Israel this year but not in 1952. This indicates that there are some opportunities in this market for enterprising Canadian exporters.

Outside Assistance Still Needed

The Government's foreign currency budget for the period July 1953-March 1954 has been set at \$233 million, closely approximating the \$305 million for the previous twelve months. Once again, U.S. grant-in-aid funds, German reparations, and donations and loans of international Jewry will meet the greater part of budgeted expenditures. Exports are not expected to provide more than \$45 million. Short-term debt redemption exceeding \$100 million, due this fiscal year, is causing the Treasury a financial headache and the foreign currency budget makes provision for only \$37 million of this.

Recent Measures Taken

With exports covering only 25 per cent of minimum import needs, with a heavy reliance on various forms of non-earned income, and a decrease in foreign investment capital, further drastic measures were required. The economic policy of February 1952—with its triple rates of exchange designed to arrest inflation, stabilize prices, strengthen the currency, and encourage exports and foreign capital investment—had been partially successful but it was necessary to carry the process a step further. To increase foreign exchange earnings and speed up development, the Government in May 1953 announced the granting of an 80 per cent premium on all slow-moving industrial exports and for foreign investment capital. Citrus fruit, polished diamonds, cement, automobiles and refrigerators are the only exports not yet receiving the new rate of 1.8 Israeli pounds to the dollar.

In July, an 80 per cent increase was also made in the rate of exchange for a wide range of imported goods. This exchange tax is used as an equalization fund and from it export premiums are paid. Most foodstuffs,

as well as fuels, rough diamonds, animal feeds, pharmaceuticals and insecticides, continue to be imported at the rate of Is. £1 to US\$1. Wheat and sugar are the only two commodities still brought in at the heavily subsidized rate of Is. £—US\$2.80. In effect the Is. £1.8—US\$1 rate should be regarded as the effective rate of exchange, with all other rates involving varying degrees of subsidy or tax.

Effects of Deflation

These economic and fiscal measures of the past 18 months have definitely arrested inflation but some signs of deflation—i.e., increased unemployment, shortage of working capital, lower purchasing power and consumer resistance—are causing concern in business circles.

The Government hopes to overcome the unemployment problem and, at the same time, make the country less dependent on imported basic food products by encouraging more people to work on the land. Agricultural development is to be emphasized in the future, through additional irrigation, increased cultivation of food grains and industrial crops (sugar beet, oilseeds, flax, etc.) and the increase of sheep breeding for both meat and dairy products by fuller utilization of natural pastures. Israel's agriculture provides only one-half of total food requirements and only a third of nutrition value for the present population.

By continuing its policy of strict credit control the Government hopes to encourage greater economies in industry, bring about the return of capital from abroad and, through a new rate for investors, step up the inflow of foreign capital which has declined considerably.

Recent improvements for commerce and industry have included:

- The replacement of the 'cost-plus' system by the tender system in industry in 1952.
- The elimination of price and quantitative controls on most industrial products early in 1953.
- The right granted to exporters of most products in May 1953 to use the 'added' value of their foreign exchange earnings to import raw materials or to sell them to an Export Promotion Fund at an 80 per cent premium.

These have provided incentives to increase production and become competitive in international markets. More goods are now available for both the domestic and export markets.

Import Practices

There is no published import licensing program in Israel. Each Ministry and service, as well as the Jewish Agency, has its own approved budget of essential imports for the private trade in the various sectors of the economy. However, the granting of the necessary foreign exchange and determination of sources of supply is under the control of the Treasury and subject to the availability of foreign exchange and to trade commitments under bilateral clearing agreements. Exchange is then granted for basic foodstuffs (over \$65 million for wheat, sugar, oilseeds, meat and fish imports last year), for raw material for essential industries, and for materials and equipment necessary for the currently approved phases of the long-term economic development plan.

Recent developments which augur well for the future industrial well-being of the young State include:

- The re-opening of the Dead Sea potash works, whose products earned \$7 million in foreign exchange in 1947. The plant was closed in 1948.

- The exploitation and use of local phosphate deposits for the domestic fertilizer industry.

- The discovery and exploitation of various mineral deposits in the semi-desert region of the Negev, including iron ore, copper, manganese, barytes, bauxite, ball clay, silicate sand and gypsum.

- Increased output of electric power through new generating units.

- Greatly increased output of industrial chemicals, such as sulphuric acid and sodium hypochloride.

- A start in making raw materials for plastics.

- Production of larger-gauge steel and concrete pipes for the great irrigation projects.

However, much remains to be done in providing better transportation and communications facilities, especially in the comparatively undeveloped south, and plans for these road and railway projects are going ahead.

Foreign Trade Pattern

Imports during the first eight months of 1953, at Is.£158 million, have been maintained at the previous year's level; exports are up by one-third to Is.£42 million. Notable changes in the trade pattern are increased imports of foodstuffs (30 per cent), raw materials and semi-processed goods (12 per cent), and a 12 per cent decrease in capital goods imports. These changes stem from some relaxation in food rationing, coupled with lower yields of certain locally-grown agricultural products; from better supplies of raw materials for essential industries, particularly those concentrating on the export market; and from reduced imports of heavy industrial machinery, agricultural machinery, vehicles and transportation equipment.

Exports have increased, principally because of record citrus shipments mainly to the United Kingdom and to Scandinavia. Exporters should find new and larger markets now that the recently introduced export premium rate allows Israeli manufacturers and producers to meet international competition. Israel has used four European trade fairs this year to advertise its products and is considering participating in the next Canadian International Trade Fair in an effort to expand its sales in dollar markets. Over recent months, 42 per cent of goods exported were sold for hard currency, slightly more were exported under trade agreements, and the remainder were bartered. In addition to citrus fruit, exports of most industrial products have increased. Cement, jeeps and trucks are new items which entered the export market in 1953.

Suggested Avenues of Trade

Apart from wheat, canned meat and possibly asbestos, all other Canadian products are meeting stiffer competition from nearer sources of supply which also frequently grant more favourable credit terms. With foreign exchange problems so acute, price and credit terms rather than quality are the deciding factors and this trend is likely to continue.

Despite present difficulties, Canadian businessmen interested in this area would be well advised to establish or review local agency connections in Israel. Many exporters should also maintain close contact with the Israel Government Supply Mission in New York City, which places substantial orders for wheat and some other supplies, either directly or through the Canada-Israel Corporation and the Canadian-Palestine Trading Company, both in Montreal.

—H. W. RICHARDSON

Commercial Secretary for Canada

Japan

- *Export trade has declined in last few months.*
- *Foreign exchange holdings about \$1 billion.*
- *Demand for Canadian products continues good.*

TOKYO—Japan's overall economic position deteriorated somewhat in 1953, principally because of declining export trade. Special dollar earnings from expenditures by the armed forces were above the high level of 1952. Imports also increased substantially and indications are that Japan will have an import excess of more than one billion dollars for the twelve months. Domestic business was buoyant for most of the year, and industrial production achieved a postwar record to keep pace with accelerated local demand.

Inflationary pressures increased as commodity and security prices advanced, as did commercial bank loans. The Bank of Japan moved to tighten credit in October and this action, coupled with unemployment in some industries and lower farm earnings because of the poor rice crop, to some extent checked the growing inflation. Japan's foreign exchange holdings at the end of 1953 were about one billion dollars. The immediate position is therefore not unfavourable despite a disappointing year in export trade.

Trading Relations

The Canadian commodities shipped to Japan in 1953 showed little increase in number or character over the previous year. However, Canadian exporters and other businessmen showed a keener interest in Japan than at any time since the commencement of the Occupation. Japan's imports from Canada in the first nine months of 1953 were valued at \$58,979,926. This represented a 20 per cent reduction by comparison with the whole year 1952, when total imports from Canada amounted to \$103,385,514. It is probable that imports from Canada for the final quarter of 1953 will run at a higher rate because Japan has stepped up purchases of Canadian wheat, barley, newsprint and other products. Japan has developed into an important postwar market for

Canadian wheat, barley, pulp, linseed, iron ore, asbestos and metals, with the likelihood of a continuing trade in these and other commodities such as lumber and chemical raw materials.

Exports to Canada Increase

Japan's exports to Canada in 1953 again included a wide range of miscellaneous commodities. The rate of Japan's exports to Canada in 1953 increased by about 10 per cent in comparison with the preceding year, based on the total of \$11,652,595 for the period January-September. This compares with \$14,377,233 for the 1952 calendar year. Because heavy shipments of Japanese Mandarin oranges and other commodities are scheduled to go forward before the end of 1953, it is probable that Japan's exports to Canada for 1953 will total about \$17 million.

Export Trade Declines

There was some improvement in exports from Japan to the United States in 1953 but exports to other markets in the sterling area and open account countries were down. Japan's exports for the first nine months of 1953 totalled \$841.8 million, or a monthly average of \$93,541,069. This would bring total exports for the year to \$1,122,492,828, a decrease compared with \$1,289,185,669 for the calendar year 1952. Prices of most Japanese export commodities were above world prices for comparable products in 1953 and this, coupled with import restrictions in traditional markets, was largely responsible for reduced export trade.

With a land area of 145 thousand square miles and a growing population of 87 million Japan is chronically deficient in both foodstuffs and raw materials. A thriving export trade is necessary to pay for essential imports and has not yet developed in the postwar period. Attempts are being made to expand commercial relationships with countries in South-east Asia and the Far East. Because these objectives have still not met with significant success, admission to GATT as an associate member was warmly welcomed in Japan because of the feeling that it would eventually enhance her trading prospects.

Imports Rise Sharply

Japan continues to grow in importance as a market for raw materials and foods. The monthly rate of imports in the period January-September 1953 was \$168,179,380, a substantial increase over the monthly average of \$143,196,783 in 1952. Imports for the first nine months of 1953, valued at \$1,513,614,422, were, in fact, not far behind the total of \$1,718,361,399 for all of 1952. The Japanese rice crop for 1953 was 20 per cent below that of the previous year because of typhoons, floods and cold weather in the growing season and monthly imports of grains in the last quarter will therefore probably exceed the earlier monthly average. Countries in the dollar area accounted for imports valued at \$669,605,109 in the first nine months of 1953 compared with \$954,985,230 for 1952. Imports from sterling countries were valued at \$496,008,649 for January-September 1953 and from open account countries at \$346,000,664, an increase in both cases over imports from these areas in 1952.

The Japanese Government moved in October to reduce imports of so-called luxury goods. The import of some 30 items in the non-essential category was virtually prohibited and the import of a number of other



Japanese women feed mulberry leaves to silkworms, spread out on trays.

items in the same class suspended indefinitely. This action will not prevent an overall foreign exchange deficit for the year of from \$80 to \$90 million, despite special dollar earnings of about \$900 million for 1953. The net foreign exchange surplus in 1952 totalled \$223 million at a time when special dollar earnings totalled \$750 million.

Summary

Japan's current economic position is not unfavourable largely because of the continued special dollar earnings from armed forces expenditures and Korean procurement. The long-range position is not so bright because Japan must ultimately strike a reasonable balance between imports and exports. There is no indication at the moment of any substantial increase in export trade or of any reduction in the volume of imports. It seems apparent, however, that special dollar earnings resulting directly from the Korean war may steadily diminish. The boom which followed the Korean war understandably created a feeling of prosperity in Japan. This boom has long since ended and a period of adjustment lies ahead.

—J. C. BRITTON

Commercial Counsellor for Canada

Lebanon

- *Domestic market sluggish but transit trade flourishing.*
- *Traders developing markets in oil-producing countries.*
- *Price is the determining factor in sales to this area.*

BEIRUT—There are two distinct markets in the Lebanon: a domestic market of some 1½ million people, many of whom are foreigners, and an expanding and frequently shifting transit trade. Syria continues to be the most important destination for goods moving in transit through Beirut but 1953 brought a marked decrease compared with 1952. Discouraged by the restrictions affecting trade with Syria, Lebanese businessmen have turned to lesser markets such as Jordan, Iraq, Saudi Arabia and Kuwait. Efforts to reach an understanding with Syria over some form of economic partnership have so far been unsuccessful and there is no doubt that Beirut merchants are suffering from the increasing difficulty of carrying on business in that natural market.

Domestic Market Over-Stocked

Business in Lebanon is highly speculative and falling world prices have worried merchants here over the past six months. Sales slowed up as consumers postponed purchases in anticipation of price cuts. As a result, the country has witnessed the greatest number of bankruptcies in any year since the end of the war. There are nevertheless stable elements—such as a large and growing foreign community, the important tourist trade and, of course, the transit trade. Bankers here now believe that a salutary shakedown has taken place and that business will improve in the months ahead. Sales have, in fact, quickened in recent weeks.

Apart from trade, which is concentrated in Beirut, the country is essentially agricultural. Many varieties of fruit are produced on the coastal plains and in mountain valleys; cereals are grown on the inland plateaus. Harvests have been excellent and, although there has been some difficulty in moving apples to traditional markets in Egypt, there is considerable prosperity in the rural districts. In the towns of Tripoli and Sidon and in Beirut unemployment continues to be a problem. Cotton mills and vegetable oil producers are reducing output.

Transit Trade and Tourists

A natural and well-run port, a free zone, a free money market and a favourable geographical position are all factors contributing toward the development of transit trade in Beirut. Although much of the merchandise purchased through Beirut never reaches the Lebanon, figures from the Port Administration which placed transit tonnage at some 456 thousand tons during 1952 indicate the importance of this type of business. A classic example of a transit deal during the year was the purchase of 50,000 tooth brushes from the United States which arrived in the free zone and were then eventually sold to Norway at a profit.

Traders faced with sluggish business conditions at home and the nationalistic policy in Syria sought out new markets during the year and were particularly successful in Iraq and Kuwait. In Iraq the departure of the bulk of the Jewish community created a vacuum into which the Lebanese traders moved swiftly. With a free money market and buoyant oil revenues, Kuwait provided a good market and a further entrepôt.

Transit business is materially assisted by the tourist trade. The mountains of Lebanon are the principal tourist area in the Middle East during the hot summer months and visitors from all Arab countries spend as much as two to three months here each year. Many naturally use part of this time to inspect merchandise and place orders. For this reason Beirut is frequently called the shop-window of the Middle East. In 1953 the season suffered from exchange regulations in Egypt restricting the amount of currency to be taken out of the country. However, reports are that merchants, hotel-keepers and others catering to tourists did well.

Negotiations with Syria

Syria and Lebanon complement each other economically and a number of conferences were held during the year in an effort to bring the two countries closer together. Progress was slow, however, and Syria continues to pursue a policy of excluding Lebanese nationals from holding foreign agencies. As a result, a number of Beirut concerns formed Syrian companies and although this arrangement apparently worked well in some cases, many traders in Beirut have undoubtedly suffered. Canadian exporters who are selling in the Syrian market through Lebanese agents should make certain that a Syrian company has been formed. Otherwise, separate agents in Syria are recommended.

Trade Outlook

Although the number of goods requiring prior import licences has gone up during the year, Lebanon remains essentially a free market. Goods from all countries are available and, with trade concentrated in Beirut, competitive prices are instantly known throughout the city. Price is the most important factor determining sales. The Beirut market is a useful barometer of sales in Arab countries. If a product is competitive in Beirut, the chances are that it will be competitive elsewhere and can move naturally into surrounding markets.

Principal Canadian exports during 1953 were wheat and flour, aluminum ingot, planks and boards, milk powder, asbestos and its products, tires for motor vehicles, copper wire, whisky, paints and aircraft parts. Exports in the first six months of the year totalled \$4.1 million, compared with \$2.8 million during the similar period in 1952. Sales of the principal items, wheat and flour, have declined since July, largely because prices were high in relation to wheat and flour from Syria, where a bumper crop was harvested. High prices of Canadian manufactured goods and prepared foodstuffs continue to interfere with the development of this small but interesting market.

—G. F. G. HUGHES

Canadian Government Trade Commissioner

Iraq

- *Revenue from oil sales has doubled during past year.*
- *Large purchases of capital equipment are continuing.*
- *Limited opportunities for certain Canadian goods.*

BEIRUT—Business developments in Iraq in 1953 reflected the sharp increase in the Government's oil revenues from an annual rate of ID25 million to ID50 million.* The oil companies have stepped up their operations and increased their expenditures, and the country is enjoying unprecedented prosperity and expansion.

The Development Board, which receives 70 per cent of all the Government's oil revenues, has been pressing forward with a number of large-scale engineering projects. The most noteworthy of these are schemes aimed at increasing land under irrigation and electric power output, plus a series of industrial projects such as an oil refinery, a bitumen refinery, a cement plant, and sugar-beet processing facilities. All these projects are designed to exploit the country's many natural resources and to decrease its imports of basic commodities.

Iraq has the good fortune to possess both exceptional resources and the large and increasing financial reserves required to undertake a major development program. The Development Board plans to spend some ID155 million during the next six years, and recent information from Baghdad indicates that this figure will probably be increased to ID200 million by December.

Development Program

As yet, only a small portion of these funds has been committed and many projects are still in the survey and design stage. The following table sets out in general terms, by type of project, the funds that have already been budgeted and gives an indication of the types of capital equipment that will be required.

	(in Iraqi dinars)
Irrigation projects	53,000,000
Roads and bridges	27,000,000
Buildings	18,000,000
Industrial and manufacturing projects	31,000,000
Basic services, telephones, telegraphs, research, surveys	23,000,000

Of interest to Canadian exporters is the budget for the Iraqi State Railways amounting to ID15 million. This appropriation will be used to purchase new railway rolling stock, to lay new track, and to replace and strengthen existing lines. The shortage of railway cars is causing serious congestion at the port of Basra and indications are that this is one of the first problems that the Government intends to tackle. Annual requirements of some 200 thousand railway ties, and a construction and modernization program at Basra costing ID1 million, are promising trade prospects for Canadian lumber exporters. Agricultural machinery is also being

* One Iraqi dinar=US\$2.80.

imported in substantial quantities. However, the greatest spending is expected to come late in the development program when major irrigation and land reclamation projects have been completed.

Expanding Consumer Market

Although a large percentage of the funds committed so far will be used for imported machinery and supplies, an increasing amount of purchasing power is slowly finding its way into Iraqi hands. Unemployment is decreasing and a visitor to Baghdad cannot help being impressed by the wide variety of consumer goods displayed in shop windows and in the bazaars. British automobiles, appliances, foodstuffs and footwear are very much in evidence, but in the last twelve months Japanese and European exporters have made a determined trade drive and are meeting with great success. Agents of Canadian firms report that Iraq is essentially a low-price market for consumer goods. Many of the luxuries and semi-luxuries now being imported are unfamiliar, and this fact and the prevailing low income make it almost impossible for retailers to sell superior articles at a higher price. Business for Canadian exporters in this field is further complicated by the import licensing system which makes dollars available only for essential goods at the official rate of exchange. There are, nevertheless, limited opportunities for such products as pharmaceuticals, canned fish and whisky, which are sold mainly to the steadily growing foreign community.

Import and Trading Regulations

There was considerable discussion in Iraq during 1953 about the advisability of remaining within the sterling area. As a result, the Government appointed a well-known Danish economist to study the question and to make recommendations. His report, which has just been submitted, indicates that the country would be well advised to remain within the sterling area and this now seems to be the Government's intention. It is thus not likely that Iraq's trading regulations will be seriously altered in the near future. There is, however, a noticeable easing in the requirements for dollar licensing and, at the present time, it may be taken as a general rule that import and exchange licences will be made available for products required for industrial and agricultural undertakings, including farm machinery, automobiles, lumber and railway ties. Dollars can also be secured for such essential consumer goods as antibiotics, medicinal preparations and air-conditioning units. Although purchases are made as much as possible from soft currency sources, there is a feeling in Iraq that the country is not making full use of its dollar reserves. Canadian exporters therefore would be well advised not to bypass this market for exchange reasons before they have investigated the opportunities—in co-operation with a good local agent.

Free market trading has become widespread in the past 12 months because the premium required has fallen from 10 to 5 per cent. This method of trading, which involves purchasing dollars in the free money markets of Beirut or Kuwait, is not officially recognized but customs authorities have not so far refused entry to merchandise procured in this way. The principal goods imported under this system are luxuries such as liquor, cosmetics and certain foodstuffs. However, goods must have an exceptional appeal or be low-priced if they are to compete with soft currency products imported at official exchange rates.

Canada has been running an unfavourable balance of trade with Iraq for many years. Total Canadian exports in 1952, for example, amounted to only \$238,395 while imports—exclusively dates—amounted to \$923,822. Products exported to Iraq in important quantities during the last six months include farm machinery, planks and boards, industrial machinery and parts, electrical machinery, rubber tires, lamps and lanterns, and whole milk powder.

Iraq's imports for the period January-April 1953 totalled ID22·5 million. Of this, the United Kingdom supplied ID9 million, followed by the United States with ID2·7 million; Japan, ID1·3 million; Ceylon, ID1·2 million, and Italy, ID1 million. Imports from Canada were valued at ID15,478 and consisted of timber, agricultural machinery, electrical apparatus and pharmaceuticals. The United States, on the other hand, supplied a wide variety of goods; the main classifications were boilers and machinery, automobiles and trucks, cotton piece goods, used clothing, chemicals and pharmaceuticals, electrical apparatus, artificial silk piece goods, glassware and cement.

Total Iraqi exports in the same period amounted to ID5·9 million (excluding petroleum), of which ID2·3 million was taken by the United Kingdom. Other leading customers were India, Syria, Kuwait, Lebanon and Saudi Arabia.

—G. F. G. HUGHES

Canadian Government Trade Commissioner

Syria

- *Bumper cereal crops have presented a sales problem.*
- *Market for capital goods continues to be promising.*

BEIRUT—Although some success has been achieved in recent years in expanding manufacturing facilities, Syria remains predominantly agricultural. Her economy depends upon exports of cereals, cotton and, to a lesser extent, carpet wool to earn the foreign exchange required for essential capital and consumer goods. Bumper cereal crops were consequently the outstanding event in 1953 and although much of the wheat and barley still remains unsold, farm income is slightly greater than it was a year ago.

The Cereal Office has estimated wheat production at 850 thousand tons, with some 260 thousand for export. Less than half of this has been sold. There were, in addition, exportable surpluses of barley (150 thousand tons) and legumes (120 thousand tons). Most of these crops were purchased from the farmers some months ago against credits for food and household supplies. Falling world prices have now placed grain merchants and the Government in a difficult position. Reluctance to reduce prices to world levels has slowed down export sales and a large surplus remains in the country and will be difficult to store and to protect from the winter rains. There is therefore considerable apprehension throughout Syria and importers have been ordering cautiously.

Canadian exporters of wheat and flour in recent years have developed a considerable business in Lebanon but this is now suffering from the Syrian surpluses. During 1952 for example, total sales of wheat and flour amounted to some \$7·8 million in Lebanon; during the first nine months of 1953 they totalled only \$4·4 million, with few additional sales so far reported. Sales to the United Nations Relief and Works Agency for Palestine Refugees have stopped entirely, following the agency's development of a minimum standard sample based on Syrian wheat types. Syria has for some years been carrying out a program of improving seed and modernizing farming methods. This plus the introduction of the latest types of farm machinery, much of it Canadian, improves the prospects for sizable and regular exportable surpluses in the future. There is, in addition, much land in northern Syria which could be brought under cultivation.

Cotton Crop Satisfactory

Cotton has become one of Syria's most important cash crops. Seed is imported from the United States and the varieties now available for export are similar to those in Texas and Louisiana. Syrian staple, however, is slightly shorter because of the lighter rainfall. It is estimated that this year's crop will yield 52,000 tons of ginned cotton, of better quality than in 1952. A portion of this will be consumed in the rapidly developing textile industries in the Aleppo district and most of the remainder has already been consigned to the United Kingdom, France, and Germany. Prices are slightly above world levels because payment may be made in soft currencies. The cotton is not of interest to North American buyers for the time being.

Trading Developments

During the year Syria continued to maintain a free currency market. Imports require prior licences in most cases and the guiding criterion is whether the product is available from domestic industries. Principal imports were:

	1952 Syrian Pounds* (thousands)
Textile materials and manufactures	64,344
Vegetable products	43,515
Mineral products	38,791
Machines and apparatus	36,025
Base metals and products	25,028
Food products	16,992
Chemicals and pharmaceuticals	16,775
Wood products	10,459

* 1 Syrian pound=\$0·27 Canadian approximately.

Total imports for 1952 were S£313 million compared with S£305 million in 1951. The principal supplying countries were the United States, 14·5 per cent, the United Kingdom 12·6 per cent, Lebanon 11·4 per cent, France 9·4 per cent, Italy 6·5 per cent, and Western Germany 5·8 per cent. Imports during the first six months of 1953 roughly followed 1952 in pattern and volume. However, European countries—particularly Germany and Yugoslavia—have improved their relative positions. A trade agreement signed with Japan in June provides for the progressive exchange of most-favoured-nation tariff treatment and guarantees to

Syria a market for 5,000 tons of cotton a year. As a result of the agreement, which went into effect on August 16, an increasing number of Japanese goods are already appearing on the market.

Syrian exports totalled S£319 million in 1952 and went chiefly to: the United Kingdom 24 per cent, Lebanon 22 per cent, France 15 per cent, and Iraq, Jordan, Italy and the United States, each of which accounted for about 5 per cent of the total.

Canadian exports to Syria in the first six months of 1953 consisted mainly of farm machinery and parts, planks and boards, tires for trucks and buses, medicinal preparations, domestic washing machines, industrial knitting needles and linseed oil. Imports into Canada were primarily tobacco and carpet wool.

Trade Prospects

The Syrian market is small. Competition is, however, extremely keen and Syrian businessmen watch carefully day-to-day developments in the larger and more cosmopolitan markets. Although exchange reserves are limited, it is likely that the market for capital equipment, including farm machinery, will be an attractive one for some time to come. A construction program to improve port and communication facilities should provide opportunities for Canadian exporters of lumber and other wood products.

It is important that businessmen have well-placed agents who are active not only in Damascus but also in the more important commercial centre of Aleppo in northern Syria. The Government is planning to hold the first of a series of International Trade Fairs in Damascus in October 1954 and businessmen anxious to introduce their lines may find this a convenient opportunity.

—G. F. G. HUGHES

Canadian Government Trade Commissioner

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Philippines

- *Declining exports have adversely affected the economy.*
- *Foreign exchange reserves have been well maintained.*
- *U.S., Japan, Indonesia the main suppliers in 1953.*

MANILA—Early in 1953, some observers felt optimistic about business in the Philippines. They have been partially disappointed. Retail business has not picked up as was expected, importers have felt the impact of continuing controls, and declining exports have adversely affected the whole economy of the Republic. The continuing excess of imports is barely being covered by United States government expenditures and the general rundown in business has begun to decrease government revenues.

The peso retains its stability as a direct result of the determined fiscal and monetary policies pursued by the Government and the Central Bank.

A presidential election was held on November 10 and a new president assumed office on December 30. New policies will be introduced and the situation will become clearer when Congress meets this month. The overwhelming political victory will obviously make the introduction of new policies easier, and these may reinforce the confidence already being felt by businessmen that 1954 will be a better year. A more aggressive policy of industrialization is expected to provide more opportunities for employment not only of skilled labour, of which there is a surplus, but also of university-trained men.

Industrial Development

Industrial development was not entirely neglected in 1953. During the year the Government announced that "new and necessary" industries would be exempt from all taxes, excise and customs duties for from four to ten years. Not all new industries can qualify but this inducement, combined with the maintenance of import and foreign exchange controls and the credit facilities offered by the Rehabilitation Finance Corporation, has stimulated local investment in industry, although foreign capital has not been lured to the same extent. Total American investment is estimated at \$150 million.

The Filipinos' increasing interest in industrialization has focused attention on the adverse influence of a policy of restricting the money supply. As a consequence, among other measures, in October 1953 the Central Bank of the Philippines cancelled an earlier directive requiring importers of luxuries and non-essentials to maintain a cash margin of 80 per cent for letters of credit.

The efforts of the Central Bank throughout 1953 were successful in maintaining foreign reserves. The latest statistics (end of October) give the foreign exchange reserves as \$302.9 million. This compares with \$305.9 million in December 1952 and \$303.9 million in December 1951, and indicates a most satisfactory stability.

The Central Bank assumed the control of imports into the Philippines on July 1, 1953, when the Import Control Commission ceased to function. Control has been exercised by limiting letters of credit issued by commercial banks acting as agents of the Central Bank and subject to approval of first, a bankers' committee and second, the monetary board. The new system took some time to get into its stride and there were some complaints. Although control operations were smoother toward the end of the year, imports undoubtedly declined and the outflow of dollars for import payments during the last half of 1953 will be much smaller than during the similar period in 1952. In the meantime, the internal value of the peso has appreciated as shown in the following table:

	Purchasing Power of Peso	Cost-of-Living Index
	(1941=100.00)	
1949	2910	343.7
1950	3004	332.9
1951	2836	352.6
1952	2946	339.4
Oct. 1953	3172	315.3

Revenues tended to decline during 1953 but the fiscal position of the Government remains healthy because expenditures were held within the income of the nation. Statistics for the first five months of the year show the following changes:

	1953 January to May	1952 January to May
	(Millions of pesos)	
Total revenue	267.5	312.3
Total expenditures	212.2	184.1
Tax receipts	245.1	285.4
Defence expenditures	73.94	71.1
Education expenditures	62.67	49.91
Treasury cash holdings (June 30th)	178.28	144.89

The most important source of government income is the 17 per cent tax levied on applications for foreign exchange. Collections since this tax was introduced in 1951 were as follows:

	(millions of pesos)
1951	120.70
1952	114.95
1953 (to Sept. 21)	95.75

Foreign Trade

Statistics on the trade of the Philippines for the first eight months of 1953 show exports were valued at \$270,996,548 compared with \$250,054,260 for the same period in 1952, a gain of 8 per cent. Imports were valued at \$282,449,968 in 1953, compared with \$315,055,031 in the first eight months of 1952, a decline of 10 per cent. Hence the unfavourable trade balance in 1953 was \$11,453,420 compared with an adverse balance in 1952 of \$65,000,771.

As usual, the United States was credited with the great bulk of both exports and imports; Japan was in second place, followed by Indonesia. Imports from Indonesia consisted principally of mineral oil and oil products.

Despite the disadvantageous tariff position of Canada in the Philippines vis-à-vis the United States, Canadian products held their position fairly well. Canadian products which have been imported in 1953 (first eight months) include:



U.N. Photo.

One of the postwar rehabilitation projects in the Philippines has been the training of young people to carry on the traditional handicrafts. At a training centre in Manila, a young Filipino student works at the potter's wheel.

Flour	\$7,834,075
Newsprint	491,346
Agricultural machinery	138,715
Copper tubing	23,571
Copper wire	285,786
Asbestos	142,004
Fertilizer	168,763
Salmon	59,526
Malt	14,727
Whisky	221,420
Total	\$9,379,936

Since the end of World War II, the Philippines has been engaged in a continuous struggle to restore the agricultural production facilities of the Republic and to reach as quickly as possible the prewar level. Production improved in the 1952-53 crop year despite unfavourable weather conditions. Production costs were up, largely because of the wider application throughout the Republic of the minimum wage bill. Net returns were reduced by lower export prices.

The Central Bank has reported that the production of copra declined to 827,762 metric tons compared with 954,142 tons in the previous crop year, as a result of typhoons. However, coconut oil production increased slightly—from 160 thousand metric tons to 160,608 tons.

Despite a nation-wide agitation for greater tobacco production, tobacco leaf yield was down in 1953. The crop only realized 15,443 metric tons, 42 per cent less than the 26,670 tons cured in the 1952 crop year. The reduction, as in copra, was directly attributed to typhoons.

Sugar production increased by six per cent to 1,034,962 metric tons. The production of abaca (hemp) was raised by 37.2 per cent to 157,214 metric tons. Desiccated coconut also increased by 5.3 per cent, to 54,139 metric tons in the 1952-53 crop year.

Rice production during the 1952-53 crop year amounted to 3,144,155 metric tons, according to the Central Bank, compared with 2,829,000 tons in the preceding year. It should no longer be necessary to import this basic foodstuff.

Mineral Production

Statistics covering mineral production in the Philippines during the fiscal year ended June 30, 1953, show the total value as \$74 million, an increase of \$8.6 million compared with 1951-52. During the year under review, 15 gold and silver mines and 21 producers of base metals were in production. Output during 1953 included:

	AMOUNT	VALUE
Gold	1,141,854 oz.	\$25,966,504
Lead	2,979 metric tons	863,225
Zinc	1,708 " "	502,205
Copper	12,361 " "	8,126,996
Manganese ore	21,183 " "	725,695
Iron ore	1,159,763 " "	11,084,561
Non-metallic production included:		
Cement	1,700,000 lb.	\$10,688,421
Coal	138,414 metric tons	1,599,690
Rock Asphalt	14,480 " "	152,900

Development Program

It was stated in Manila in October 1953 that about \$68 million will be spent during the 1953-54 fiscal year under the PHILCUSA (Philippine Council for United States Aid)—FOA joint economic development program. Direct FOA assistance during 1953-54 will reach \$17 million, and the Philippine counterpart fund expenditures will reach 40 million pesos, realized from the sale of FOA commodities imported earlier. Assistance given by the United States to July 1953 totalled \$65 million.

The present development program includes:

	(in million pesos)
Public health	5.5
Agriculture	23.7
Transportation, power and public works	16.8
Manufacturing, mining, etc.	5.6
Education	7.7
Public administration	9.0

The largest single project is the continuance of work on the roads system of the island of Mindanao.

Among the hoped-for developments in 1954 is the possible revision of the Bell Act, which has been giving free entry to American goods. Some observers feel also that a revision of the Bell Act would facilitate the removal of controls on foreign exchange and imports by imposing a tariff on United States goods.

The peace treaty with Japan still awaits ratification. The Philippines continues to insist on being satisfied about reparations. Trade with Japan, however, is progressing to the satisfaction of the Philippines but the further development of Philippine resources, in which Japanese experts could assist, is being retarded.

—FREDERICK PALMER

Consul General of Canada and Trade Commissioner

Taiwan

- *Four-year development plan aims at self-sufficiency.*
- *Advances in agriculture and transportation achieved in '53.*
- *Trade pact with Japan to run until April 1954.*

HONG KONG—Taiwan's (Formosa's) economy continued to progress in 1953, in terms of both current achievements and plans for the future. Progress in trade, industry and agriculture was supplemented by the inauguration of a four-year plan covering all aspects of the economy and aimed at increasing the production of power and stepping up the output of salt, fertilizer, rice, sugar, pineapples and fishery products.

The current budgets of the Central and Provincial Governments are realistic, promising modest surpluses; the price system continues under fairly firm control. Exchange rates have remained stable, largely because of the United States dollars made available by the Foreign Operations Administration (FOA), formerly MSA. At no time have U.S. dollars become so plentiful that the Chinese were encouraged to appreciate their currency and, equally, at no time have they become so scarce that the black market has threatened to upset the official parities.

In 1952-53, American aid to Taiwan totalled US\$105 million. Recently, it was announced that FOA appropriations for 1953-54 will amount to US\$100 million—\$70 million for economic aid and \$30 million for "defence support, common-use items". The latter include medical supplies, petroleum, oil, lubricants, textiles and machinery. It is expected that a breakdown of the items for economic aid will confirm the present trend away from consumer and towards capital goods.

Probably the outstanding event in Taiwan last year was the inauguration of a four-year plan covering all aspects of economic development until the end of 1956. This plan is important because it is designed to make the Island entirely self-supporting within a comparatively short time. The execution of the plan calls for a final amount of American aid to be given in annual sums during the four years. Thereafter, foreign exchange and budget deficits could be met from Taiwan's own resources. The targets of the plan include further industrialization, increased production of the major crops, extensive developments in irrigation, and a program of reforestation. The pivots of the plan will be an

increase in power capacity to 490,395 kw. and an increase in domestic production of fertilizer to 436 thousand metric tons a year, in rice crops to 1,850,000 metric tons a year, and in sugar production to one million metric tons a year—all to be achieved by 1956.

To become self-supporting and maintain the same standard of living, the Island will have to improve its export performance. The gap between output and receipts (in 1952 American aid accounted for about one-third of total receipts) must be narrowed, and the greater demands of a rapidly increasing population must be met. This will have to be done when American advice and supervision may no longer be available on the same generous scale and when physical assistance in the shape of machinery and raw materials to underwrite the Island's export trade will certainly be dwindling. In these circumstances, the task which the Chinese have set themselves is a formidable one.

"Land to the Tiller" Program

In agriculture, the most notable development during the year was the institution of the "Land to the Tiller" program, designed to make owner-operators out of farmers who previously were tenants under large land-owners. It is estimated that between 73 and 100 thousand acres will be redistributed under this scheme, the acreage to be made available from the sale of holdings of five large publicly-owned corporations. The Government will assist the new owner-farmers to find the working capital which the landlords traditionally supplied.

Transportation and Trade

One of the outstanding achievements of the year in transportation was the completion of a bridge 1,900 metres long across the Cho-Sui River in Taiwan's western plain. It is said to be the longest bridge in the Far East, and because it completes an all-weather road link between the major ports of Keelung and Kaoshiung, it is economically and militarily important. American assistance in the construction and repair of roads and railways continues. With the replacement of light railway sections with heavy components and the strengthening of bridges, the railways will in time be more efficient than in prewar years and will be able to carry safely heavier loads at higher speeds. Considerable modern rolling-stock is still needed.

One important trade development in 1953 was the signing in June of a further trade pact with Japan to run from April 1953 to April 1954. The total amount involved is US\$149 million—US\$74·5 million in each direction. Taiwan will supply (in order of value) sugar, rice, bananas, salt and coal and will receive machinery, fertilizers, textiles, ferrous products and wheat flour.

The overall trade picture for the first nine months of 1953 was favourable. According to statistics issued by the Ministry of Finance, exports totalled US\$90·8 million and imports US\$75·1 million, giving a favourable balance of US\$15·7 million. For the calendar year 1952 the trade balance was US\$4·3 million. Among exports, the most important exchange earners were sugar, rice, tea and bananas, in that order, accounting for about three-quarters of total receipts. The leading imports were fertilizers, mineral ores and metals, and machinery of all types.

In nearly every important aspect, the Island progressed during 1953, either in terms of actual production or in the growth of sound administration. The economy is drawing measurably, if gradually, closer to the working standards achieved by the more modern and highly industrialized nations of the West. If political developments in the Far East during the next few years permit the Chinese to carry on with these developments and if the United States continues its technical and material contributions, it seems possible that the domestic program at least and perhaps a substantial part of the external program may be achieved.

—MILTON B. BLACKWOOD

Assistant Canadian Government Trade Commissioner

Turkey

- *Encouraging reduction of foreign trade deficit indicated.*
- *Opportunities for Canadian goods if long credit offered.*
- *Mining and industry continue to make good progress.*

ATHENS—Outstanding developments in Turkey during 1953 were the bumper grain crops, the continued increase in areas brought under cultivation, and an intensified mining and industrial program. New roads and railway lines were completed and electric power output increased through the construction of new facilities and additions to existing capacity. Work was also pushed forward on the country's first oil refinery. Two new laws touching the investment of foreign capital and of petroleum capital were prepared and, although these await approval by the National Assembly, foreign private funds are entering the country. Confidence in Turkey's economic future was maintained but serious balance of payments difficulties continue and, accordingly, import restrictions have again been tightened.

The continuing trade deficit and the marketing of agricultural surpluses at world prices have become Turkey's two serious economic problems. The latter is also important politically and socially. Meanwhile domestic wheat prices are rigidly maintained well above international levels, even though Turkey is now exporting a substantial tonnage and world prices have been declining.

Turkey had the most serious foreign trade deficit in her history in 1952 with total imports at 1,557 million Turkish liras against total exports of 1,016 million. This left a trade deficit of 540 million liras or \$179 million. Increasing import restrictions are narrowing the deficit somewhat in 1953. However, during the first eight months the deficit reached 248 million liras, already more than the total trade deficit for any full year except 1952.

Furthermore, Turkey's net reserves of gold and foreign exchange have been declining steadily and by early September totalled only 100

million Turkish liras. Finally, there is an unknown total of outstanding indebtedness to exporters (mainly in Germany, Britain and other EPU countries) still uncommitted from these reserves, for imports received through customs by Turkish buyers over the past year under the old trade regime. For these transactions, Turkish currency has been paid to the collecting banks but the Central Bank has not yet granted the foreign exchange transfer applications.

Foreign Trade Policy

Steadily increasing restrictions on imports and strenuous efforts to reduce the adverse trade balance culminated in a new foreign trade regime, with even more rigid import regulations, which went into effect in November (see *Foreign Trade* of October 17, 1953). Unfortunately, this means very limited opportunities in 1954 for suppliers of dollar goods to Turkey, especially when these suppliers must also face keen European competition in prices and in extended credit terms. The new regulations suggest some opportunities for dollar area goods offered on credit terms of at least one year, but the permissible list of these essential items is very restricted. Importers are doubtful whether licences will be approved for dollar goods offered on letter of credit or CAD terms for many months. Nevertheless, the potential of the Turkish market is considerable and so also is the desire of the Turkish consumer for more and better goods—a desire which local industry can only partially satisfy. It is expected that present restrictions will be relaxed gradually as trade deficits diminish.

Main Trading Partners

Western Germany has fully recovered her prewar position as the leading country in Turkey's foreign trade, supplying 24 per cent of Turkish imports and taking 23 per cent of her exports. New commercial and payments agreements negotiated last summer ensure that Germany will have an even larger share of Turkey's foreign trade. Substantially increased German purchases of Turkish wheat and barley and in return greater sales of German machinery and manufactures to Turkey are provided for by these agreements until 1956.

Germany, the United Kingdom, and the United States have been Turkey's principal suppliers, with Britain the leader until 1949. A good part of the exports from the U.S. and Canada has been financed through U.S. economic and defence assistance programs. Recently other European countries have improved their position as suppliers to Turkey—notably Sweden, France, Belgium, Italy, and Yugoslavia.

Canada shipped only \$1.2 million worth of goods to Turkey in the first nine months of 1953 compared with \$3.7 million for the same period of 1952; agricultural machinery and spare parts formed the bulk of this trade. Canadian imports from Turkey dropped to half a million dollars for the first seven months of 1953 compared with \$2.1 million in the same period of 1952, and consisted largely of chrome and manganese ores, dried fruits, nuts and tobacco. Much lower shipments of ores were the principal reason for the decline. The balance of trade remains in Canada's favour, with lower volume in both directions.



In a plant at Izmir, skilled workers are blending various types of tobacco. Oriental leaf is selling well in Europe and growers in Turkey are benefiting.

This past year, climatic conditions have been particularly favourable in Turkey, as in other countries in this part of the world. All leading crops except cotton registered excellent or record yields; cotton went down by 30,000 metric tons to yield an estimated 140 thousand tons for 1953.

Agricultural Record Good

Grains were again up by about 10 per cent from the previous year, with wheat production at approximately 7.5 million metric tons, providing at least 1.5 million tons for export. Barley production totalled 3.4 million metric tons, with half a million tons available for export. This is the third successive bumper harvest.

Sugar beet production has doubled since 1946 and now fills domestic sugar requirements. Tobacco production is up and, because European demand for Oriental leaf is much heavier this year than at any time since the war, there should be no marketing problem. The sultana raisin crop was normal but because of the new foreign trade regime's substantial subsidies, new export prices have not yet been established and the crop has been delayed in moving to foreign markets.

Heavy expenditures on farm machinery, a national program aimed at improving farm methods, and the use of insecticides and fertilizers have combined to increase output each year, assisted by good weather conditions. However, there is still much to be done in improving techniques and in mechanization, irrigation, transportation, storage, packaging, and marketing, in order to lower the cost of production and widen Turkey's natural export markets.

There were several important developments in the mining and extractive industries in 1953. Coal, lignite and iron ore output all rose. The state-owned iron and steel works at Karabuk increased production with expanded installations and is now exporting some pig iron. Chrome ore output was higher and exports will exceed the 635 thousand tons of

1952. Plans were laid for a processing plant to use lower-grade chromite which has not yet been profitably exploited. Survey work also continued and a number of new deposits were located. Copper is Turkey's second mineral export and, after this year's improvements at the Murgul mine, some increase may be expected.

Most noteworthy among the developments in secondary industries were the Batman oil refinery on which work is now well advanced, the completion of a cement plant at Izmir, and progress on two other cement plants at Soke and Cukurova. Other important projects include the construction of two new beet sugar refining plants, a superphosphate factory and a vegetable oil mill, and modernization of the munitions plants. A growing demand for paper has led to the establishment of two more paper mills. Requirements for all types of paper in Turkey are now estimated at 45,000 tons a year, including 11,000 tons of newsprint.

Taxation and National Income

Efforts were made during the year to create a more healthy climate for business investment. Tax reforms aimed at bringing new groups under tax laws were introduced and a program of tax enforcement pursued. Various fiscal measures were undertaken with a view to balancing the national budget. However, the Government still plays an important role in many industrial enterprises and heavy capital expenditures resulted in a substantial budgetary deficit of TL199 million for the latest fiscal year. The inflationary effects of such a deficit further hindered the development of personal savings, which remain low. This will have the effect of slowing down the development program, unless unexpectedly substantial increases in the rate of foreign investment are forthcoming in the near future.

Trade Prospects

Immediate prospects for Canadian exporters in Turkey are not promising. Unless the manufacturers of essential items such as farm machinery are willing to sell on extended credit terms, 1954 will probably witness further declines in total shipments from Canada. Ever since the war, Turkey has had an adverse balance of payments which was healthy only in so far as it was essential for the development of agricultural, industrial and mining production. Unfortunately, this payments deficit has simultaneously financed an increase in imports for domestic consumption beyond its exchange capacity, when this demand was added to essential imports of capital goods. Accordingly, various measures have been taken to restrict imports with only partial success, culminating in a major overhaul of both import and export controls effective in November 1953.

Progress is evident, however, and recent trade statistics indicate an encouraging reduction in the trade deficit. Although many capital goods will still be required, their rate of import is expected to decline because expansion has now reached its peak. This, plus increasing grain and mineral exports, should improve the exchange position considerably and may permit some relaxation of present controls by the end of the year.

—H. W. RICHARDSON
Commercial Secretary for Canada

For Information on . . .

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TURKEY	<i>H. W. Richardson, Commercial Secretary, Canadian Embassy, 31 Vassilissis Sophias Ave., Athens, Greece.</i>

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.02794.

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 29	Notes (See below)
Argentina	Peso	Preferential buying	.1297	
		Basic buying	.1946	
		Preferential selling	.1946	(1)
		Basic selling	.1297	
		Free	.07002	
Austria	Schilling		.03742	
Australia	Pound		2.1860	
Belgium Luxem- bourg & Belgian Dependencies ...	Franc		.01952	
Bolivia	Boliviano	Official	.00512	
British West Indies	Dollar		.5693	(3)
	Pound		2.7325	(4)
	Dollar	Brit. Honduras	.6831	
Brazil	Cruzeiro	Official selling	.05169	tax 8%
		Effective buying	.03430	(2)
		Coffee buying	.04164	(5)
Burma	Kyat		.2043	
Ceylon	Rupee		.2049	
Chile	Peso	Official	.00884	
Colombia	Peso	Basic	.3891	
Costa Rica	Colon	Official	.1733	(6)
		Controlled free	.1465	*
Cuba	Peso		.9728	tax 2%
Czechoslovakia ...	Koruna		.1351	
Denmark	Krone		.1408	
Dominican Republic	Peso		.9728	
Ecuador	Sucre	Official	.06486	(7)
		Free	.05617	
Egypt	Pound		2.7935	
Fiji	Pound		2.4617	
Finland	Markka		.00423	
France	Franc		.00278	
French Africa ...	Franc		.00556	
French Pacific ...	Franc	Official	.01529	
Germany	D Mark		.2316	
Greece	Drachma		.000032	
Guatemala	Quetzal		.9728	
Haiti	Gourde		.1946	
Honduras	Lempira		.4864	
Hong Kong	Dollar	Free	.1645	*Dec. 18
Iceland	Krona	Official	.05973	
		Special buying	.04599	
		Special selling	.03705	
India	Rupee		.2049	
Indonesia	Rupiah	Basic	.08533	(8)
		Dollar certificate	.00183	*

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 29	Notes (See below)
Iran	Rial	Official	·03016	*
		Certificate	·01011	*
Iraq	Dinar		2·7239	
Ireland	Pound		2·7325	
Israel	Pound	Effective basic	·9728	(9)
		Premium	·5404	
Italy	Lira		·00156	
Japan	Yen		·00270	
Lebanon	Pound	Free	·2998	
Mex.co	Peso		·1125	
Netherlands	Guilder		·2560	
Netherlands Antilles	Guilder		·5158	
New Zealand	Pound		2·7325	
Nicaragua	Cordoba	Effective buying	·1474	(10)
		Official selling	·1379	
		With Surcharge I	·1208	
		With Surcharge II	·08679	
Norway	Krone		·1362	
Pakistan	Rupee		·2940	
Panama	Balboa		·9728	
Paraguay	Guarani	Basic	·06486	(1)
		With Surcharge I	·04632	(11)
		With Surcharge II	·03242	
Peru	Sol	Certificate	·05025	
Philippines	Peso		·4864	tax 17% (2)
Portugal	Escudo		·03395	
El Salvador	Colon		·3891	
Singapore & Malaya	Straits dollar		·3188	
South Africa				
(Union of)	Pound		2·7325	
Spain & Dependencies	Peseta	Basic buying	·04442	
		Basic selling	·08670	
		Basic commercial selling	·05923	(1)
		Free	·02493	
Sweden	Krona		·1880	
Switzerland	Franc		·2269	
Syria	Pound	Free	·2735	*Nov. 16
Thailand	Baht	Official	·07782	(1)
		Free	·04691	*Oct. 30
Turkey	Lira		·3474	
United Kingdom	Pound		2·7325	
United States	Dollar		·9728	
Uruguay	Peso	Official	·6404	
		Basic buying	·5455	
		Special buying	·4139	(1)
		Basic selling	·5120	
		Special selling	·3970	
Venezuela	Bolivar		·2904	(12)
Yugoslavia	Dinar		·09324	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
8. Indonesia: Effective buying rate is basic plus 70 per cent of dollar certificate rate. Rupiah value for other than essential imports is reduced by 33½ per cent, 100 per cent or 200 per cent depending on product. Cost of all dollar imports is increased by full amount of certificate rate.
9. Israel: An additional rate of 1 Israeli pound equals U.S. \$2.80 applies to imports of wheat and sugar only.
10. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
11. Paraguay: Basic rate applies to most Paraguayan exports.
12. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory notes see *Foreign Trade* of October 11, 1952.

Some Uses For DBS Figures

What are some of the ways businessmen can use Dominion Bureau of Statistics figures? The Bureau gets out figures on thousands of items, so each must delve for himself on statistics closely related to his own business. But many statistics of general interest are also of interest and use to businessmen. Here are some examples of how different kinds of figures can be of use:

Prices — Some manufacturers use wholesale price indexes for iron and steel and nonferrous metals in negotiating contracts for "heavy" industry products. Can link escalator clauses in price contracts to various indexes. Consumer price index widely used in labor contracts. Basis of analysis of price trends in many fields.

Wages, salaries, earnings — Freely used in cost accounting by some firms. Can compare earnings, hours of employees against own and other industries and areas. Gauge competitors' costs. Average hourly earnings used in escalator clauses in some business agreements as representative of changes in labor costs.

International trade — Imports, exports of thousands of items, monthly. Quantities and values. Among most important figures for over-all economy too.

Vital Statistics — Use births, marriages, monthly, by regions, cities to fix quotas, frame production programs of children's clothing, toys, carriages, foods, furniture, appliances, etc. Points way to longer term markets, other industries.

Capital Expenditures — Intentions of businessmen and others to spend on machinery and equipment as well as construction is surveyed at beginning of each year. Available for individual industries in considerable detail. Amazingly accurate in over-all picture.

Employment — Important indicator of markets, available monthly by regions. Unemployment figures give labor supply situation across country. New monthly labor force survey reveals part-time as well as full unemployment. Helpful in locating new industries.

Agriculture — Crop forecasts help banks, elevators, others who must help farmers predict needs.

Also indicate purchasing power of farm regions in future. Farm cash income quarterly report tells it after the fact. Important market for machinery, hardware, fencing, etc., as well as normal consumer goods.

Manufacturing — Monthly inventories, shipments, orders of many individual industries. Quarterly figures on others. Annual census of industry covers everybody. Enables manufacturers to compare own material, labor, power costs with others in industry.

Construction — Annual survey of what businessmen and others plan to spend in year ahead. Available for individual industries in considerable detail. Annual reports of actual construction afterwards. Also, monthly, how many houses started in each important urban centre. Employment, wages by regions, monthly. Indexes of building costs important to businessmen planning plants.

Institutions — Annual reports on hospitals, welfare institutions, help salesmen of medical and surgical supplies, pharmaceutical, laundry machinery, uniforms, equipment.

November 7, 1953

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Sales Laboratory on Fifth Avenue (page 2)



foreign trade

14

OTTAWA, JANUARY 16, 1954

NO. 368

Sales Laboratory on Fifth Avenue	2
Rutabagas for the Southern Market	8
Transportation Notes	
Indonesia, Israel, Italy, Portugal	10
Turkey, United Kingdom, West Germany	11
Venezuela: the Trade Boom Continues	12
Commodity Notes	
Argentina, Brazil, Chile, Cuba, Denmark	16
Italy, New Zealand, Netherlands, Turkey	17
Australia Exports Scrap Iron and Steel	18
U.K. Token Imports for 1954	19
Trade and Tariff Regulations	
Benelux, India	20
Japan, New Zealand, United Kingdom	21
United States	22
Foreign Exchange Rates	24

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Sales Laboratory on Fifth Avenue

More than two years ago, the Canadian Showroom in New York put on its first display. Here is a report on the thinking behind this experiment in trade promotion—and an assessment of its value.

OTTAWA—A practical experiment in promoting exports to the United States—that is the best description of the Canadian Showroom at Rockefeller Centre, which is leased by the Department of Trade and Commerce and used to display Canadian goods. Within the Foreign Trade Service, this exhibit is frequently if less accurately referred to as a “sales laboratory”. It is certainly used as a testing place—for Canadian goods, for ideas of salesmanship, and for techniques of sales promotion new to the Canadian Foreign Trade Service. The exhibits are attracting publicity; the Showroom has on various occasions been mentioned in public speeches and in the trade press. It seems useful and timely that the story behind this experiment should be better known.

The Showroom Opens

It all began in the autumn of 1951, when the Department seized the opportunity to lease for three years 560 square feet of space in the downstairs concourse of Radio City in New York. The area around the window comprises principal passageways between the famous group of buildings and includes coffee shops, drug stores, cocktail lounges, etc. According to reports, as many as 35,000 people a week pass by it. Certainly the attention of visitors on conducted tours around the buildings is frequently drawn to the Showroom window and, on occasion, the guides refer to any displays of extraordinary interest. It is, in fact, a well-located “shop window” for the goods and services that the Canadian Trade Commissioner, five floors up, has to promote.

Types of Displays

Window space of this type can be used in a variety of ways. The Department may use it to remind the general public that this country is an important source of supply. For this purpose, the displays may vary from the “prestige” type to direct advertisements. In the prestige type of display, there may be little opportunity to push increased sales if the goods presented are commodities like newsprint, base metals, or iron ore. But for public relations purposes it is still important to remind people that they depend on Canada for such vital supplies. Actually the Showroom is only occasionally used for this kind of display. The demand for space for direct sales promotion is too keen during most months in the year.

An important type of advertising display included more frequently in the yearly program for these show windows exhibits goods which are



Opening display in the Canadian Showroom, in January 1952, featured Canadian-made winter sportswear and sports equipment. Two years later, the fourteenth exhibit is attracting attention.

already on the market. The reasoning behind this move is that showing these goods backs up the selling efforts of their distributors and may bring increased sales. Once he has taken on the line, the department store buyer concerned will be delighted when he sees a card in a Rockefeller Centre window saying: "These goods are on sale at Saks Fifth Avenue" or at "Abercrombie and Fitch". In a city where good window space is at a premium and few departments in a store have a continuous claim on any of it, advertising of this type in the Rockefeller Centre Showroom can encourage repeat orders and be used to stir up initial interest.

The most important use of the Rockefeller Centre windows is to display lines not yet on the United States market in an effort to promote new business. At this point the Showroom becomes a "sales laboratory" at the disposal of Canadian exporters of suitable products. The Showroom provides a point of focus for the effort to attract the attention of and to interest that hardheaded individual, the New York buyer. It also provides a testing place for the product itself and for methods of selling it.

The Four Steps

The process of promoting products through the Showroom is, in outline, a simple one. First, we must find a suitable Canadian product to promote. Second, we must arrange for it to be attractively displayed with other similar commodities. Third, we must attract prospective buyers into visiting and examining the exhibit. Finally, when a promis-



Location of the Showroom seems to favour the promotion of sales of consumer products, such as women's and children's clothing of attractive and original design, highlighted in this display in August 1952.

ing lead opens up, the Trade Commissioner must get the Canadian sales representative of the company which makes the product (a senior man, please) onto the job of closing the deal. This last step involves the Trade Commissioner's making introductions and appointments, briefing the Canadian sales representative on market conditions and local colour, and generally providing an atmosphere conducive to successful business.

Choosing the Product

Step one—finding the product—brings in an important member of the team who has not been mentioned yet—the Commodity Officer. He plays a vital part in the first stage and often has to start by encouraging a Canadian manufacturer to try to sell in the United States market. That is not always as easy as it sounds.

What general type of product is suitable for the Showroom? Such commodities as copper and brass strip, aluminum extrusions and plastic materials of many types have been displayed to good effect. However, the locality of the Showroom seems to favour the promotion of sales of consumer products such as sportswear, shoes, bicycles, boats and furniture. All of these have already been successfully displayed. The results are very promising in what is held to be the most difficult marketing field in the United States and the one most neglected by Canadian manufacturers.

Once a product has been chosen, the next move is to arrange for its display with other suitable selections in a group exhibit which will win the attention of prospective buyers. If possible, this must be done at the time of year when these buyers are in the market for new lines. It is the buying habits of the trade which dictate how displays of various



The "prestige" type of exhibit presents vital commodities which Canada supplies to the United States, such as newsprint, base metals or iron ore. Above, a non-ferrous metals exhibit in the Showroom, August 1953.

products shall be scheduled. Actually, the window displays are put together first at the Canadian Government Exhibition Commission's workshops in Ottawa. There the layout of the merchandise and a suitable decor is studied and designed. Then at the allotted time the whole collection is shipped to New York and installed. Every change of exhibit in the Showroom is attended by an officer from the Commission who is an expert in window-dressing arrangements. New Yorkers provide a critical audience and the grouping, timing and presentation must be right.

Attracting Buyers

To get the best results the third step—attracting prospective buyers to visit the exhibit—also requires good staff-work. And one must not overlook the support which is necessary from Canadian sales representatives because the Trade Commissioner himself cannot take orders or actually sell goods. The Trade Commissioner's role is to find an interested buyer and introduce him to the seller. He tries to use the Showroom where the goods are on display as a rendezvous. He works with the goods beside him. It is even better when he has the sales representatives beside him as well.

Frequently at the opening of each new exhibit a reception is given to prospective buyers and the trade press. Before the Trade Commissioner sends out his invitations, an important question must be studied—who should be invited? Again Commodity Officers in Ottawa make a contribution and they may produce some surprises in the list of trades which they think should be covered. For instance, flag manufacturers were listed as potential buyers for wood products—for toggles and sticks!

As a technical expert, the Commodity Officer is often on hand at the opening also. Publicity material is prepared in advance and handed out to the trade press. Photographs are distributed, even through other Trade Commissioners' posts in the United States, because a picture is more striking than the written word and contacts in their areas may perhaps be visiting New York. Until the exhibit is changed, contacts which have been made are followed up assiduously. The man who promised to "look in" must be reminded. Selling in New York takes new ideas, energy and persistence.

Selectivity Matters

Two keys to the success of the Showroom are perhaps the variety of products displayed and the selectivity which is exercised in putting the show together. A busy buyer of a major New York department store is seldom interested in going to a hotel display room to see a manufacturer's whole line. He only wants to see "the best". In putting together exhibits for Rockefeller Centre, we make every effort to see that the articles displayed have the stamp of quality, that they are new in design or original in style—in fact, anything but the type commonly available from United States mass production. Wherever possible, we look for something distinctively Canadian. The sales effort is aimed not at the whole United States market but at select and important areas within it, where Canadian manufacturers can meet the volume of demand. Even so, it has happened that the volume of demand for a piece of furniture displayed some months ago at the Showroom was so great the the Canadian plant could not fill the orders and had to arrange to license its production in the United States.

Hurdling the Obstacles

The difficulties of selling in the United States are only too well known. We of the Department make no attempt to belittle the obstacles in the United States Customs Tariff and in its administration. Of course, exporters receive all possible assistance from the Canadian Foreign Trade Service in dealing with such problems as classification and valuation for duty, etc. Similarly, they can count on help in investigating United States marking regulations, without a knowledge of which no Canadian should attempt to sell in the United States. But the moral is that the Canadian will never sell if he does not try. It should be emphasized that, contrary to popular belief, there are many types of products in which United States Customs classifications are unequivocal and rates of duty not prohibitive.

Actually this very technique of sales promotion and the type of market at which it is aimed avoids direct competition with low-cost United States mass production and thus tends to minimize the effects of the tariff. The Showroom tries to concentrate in a large measure on goods of original design and "Park Avenue" quality. Canadian names like *Irving* in ski clothes, *Deacon* in windbreakers, *Wellington* and *Aljean* in women's sportswear, *Woods* in sleeping bags, *Del Grande* in high-style women's shoes, *Scott McHale* in men's shoes, *Grommans* in slippers are becoming well known to the trade in New York and, gradually, to the New York public as well.

This market of 150 million people consumes an immense variety and quantity of goods. It contains within it a luxury market to the tune of tens of billions of dollars a year. This luxury market is widening, not shrinking, as non-essentials become increasingly commonplace in the family budget. A Park Avenue trade volume in these circumstances may represent a substantial production run for any Canadian plant—and the Park Avenue price can reduce the significance of customs duty.

The New York Market

New York is the style centre just as Suburbia is, in a large part, the new home of this luxury market. There is no question that New York department store advertising is followed by the trade all across the United States. Advertisements by such stores as Lord and Taylor in the *New York Times* Sunday edition, featuring a Canadian product, have brought the Canadian maker additional orders from many other business centres. New York also is headquarters for the major buyer organizations which service large and small retail establishments across the country. The demand is not only for fashion goods, it is equally keen for new porch furniture or fishing tackle or barbecue equipment or hand tools and, in fact, for gadgets generally.

Breaking into the New York department store trade may be difficult and the problem and expense of continually "being out in front" may be more than a Canadian manufacturer wants to face. It is possible to get continuity by other means of selling. The New York office of the Trade Commissioner Service receives inquiries for agencies or distributorships which do not always demand a national brand advertising campaign which the potential volume may not warrant. There are often possibilities for profit in selling by direct mail. Reference to the pages of periodicals like *Holiday*, the *New Yorker*, *The Saturday Evening Post* and particularly *Motor-Boating* and *Argosy* will demonstrate that use of a small ad, offering something new and unusual direct to the consumer, definitely pays. The proof is that some of these periodicals at certain seasons can and do sell considerable advertising space devoted to this purpose.

A Successful Experiment

This new sales laboratory, the Canadian Showroom, has definitely achieved results. The achievement of this success calls for a combination of careful study and persistent effort. Not every Canadian manufacturer—perhaps not even the majority—has products suited to testing in this laboratory, but more and more are being discovered as the Commodity Officers' search for new products continues to widen. Space in the Showroom is limited and so far, there have been plenty of goods to promote. Actually, the search itself may be stimulating new interest and new ideas and inspiring a new approach to the United States market. Time will tell. The Showroom is now entering its twenty-fifth month of operation and featuring its fourteenth individual display. It is still looked upon as an experiment in trade promotion, but an apparently successful experiment which may deserve a continuing place in the equipment of the Foreign Trade Service.

—DENIS HARVEY

Director, Commodities Branch

Rutabagas for the Southern Market

This first-hand survey of the market for Canadian-grown rutabagas in the Southern States should prove helpful to shippers here.

NEW ORLEANS—One of the Canadian agricultural products which finds a ready market in the Southern States is the rutabaga. A study of the *Daily Vegetable Bulletin* put out by the Marketing Service of the U.S. Department of Agriculture shows that from September to about April the quantity of Canadian rutabagas moving in the United States by rail far outstrips the quantities supplied by Canada's two closest competitors, Wisconsin and Minnesota. However, reports from Canada that rutabaga growers and exporters were slowly losing their markets in the United States prompted us at the New Orleans office to make a survey of the position in our territory. From this survey, we obtained information that should prove useful to Canadian shippers.

Competition in the South

One of the main worries of the Canadian shippers appears to be the increasing competition from Wisconsin and Minnesota. This fear is not well founded because the seasons do not coincide. The heavy shipments from Minnesota and Wisconsin come during the summer, from June to the end of August. The Canadian movement starts some time in September and ends in April or May. We checked the movement by cars for the month of November and discovered that 265 carloads of Canadian rutabagas were shipped into the United States, compared with a local movement of 30 cars from all states. This did not take into consideration the truckloads, which are very important, especially in the states lying in a direct line between Ontario and Florida, where a return load of citrus fruit is picked up. However, statistics on trucks are nearly impossible to compile and we have therefore concentrated on railroad movement.

The rutabaga is a cold weather vegetable and the movement south does not start much before September. Therefore very few Minnesota and Wisconsin turnips are shipped to this area. Most of the people we contacted told us that they were either handling Canadian rutabagas exclusively or a very high percentage of them. One of the brokers in New Orleans asserted that 85 per cent of his distribution was Canadian.

Distributed by Brokers

We have found that in the South the distribution is largely handled by brokers, although many wholesalers and large chain stores have direct connections with Canadian shippers. In the Deep South, such as Louisiana, this vegetable is not very popular and it is sold mainly to ships' stores through the port; Norwegian and Swedish ships are the best customers. However, the brokers sell small quantities to chain stores. One of these

brokers remarked to us that, of a ten-bag sale to the local A&P buying office, only two or three bags would be kept in New Orleans and the rest sent to A&P stores in the outlying districts. In other states such as Alabama, Georgia and the Carolinas, the rutabaga is a more popular vegetable, especially when sweet potatoes are high in price. The importers sell to jobbers and distributors who in turn sell to stores, institutions, hotels and restaurants.

Plain or Waxed?

In the Deep South, especially at the beginning of the Canadian movement, the preference is for plain rutabagas. As the weather gets cooler, the demand for waxed rutabagas strengthens. However, we seem to detect a trend towards plain rutabagas and some brokers will not handle waxed at all. This holds true especially for brokers who do not sell to retail outlets where appearance counts a good deal in the sale. One of the brokers from Mobile, Alabama, said: "Canadian rutabagas are generally of better quality and usually remain fresher for a longer period. Recently we have begun to use plain rutabagas almost exclusively because waxing seems to hasten deterioration and rot, particularly in this climate". Another remarked that the waxed rutabaga during the warm season sweats and bubbles form under the wax, which means an unsightly product. This, however, is not the case with plain rutabagas which adjust to the change of weather. Reports also show that Wisconsin seems to put out a cleaner rutabaga than Canada does, although the eating quality is the same for both products.

Prices Paid

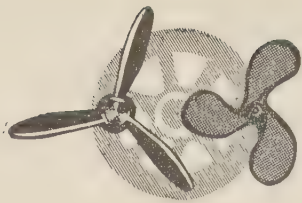
Although the locally grown rutabagas are offered in bunches of dozens, the Canadian rutabagas moving down here are packed in 50-lb. bags, which the handlers prefer. The prices paid by the brokers vary with the different distributing centres, but on the whole, delivered price seems to be \$1.50 for waxed and \$1.35 for plain. The wholesale price quoted in the *Daily Bulletin* is \$2.00-\$2.25 for waxed and \$1.85 for plain. Price has been a big factor in the sale of Canadian rutabagas; they can be delivered cheaper than the local product and the names of the shippers have become well known in the industry.

Canadian rutabagas are today sold in widespread but specialized markets. With close attention to appearance and quality, plus continued sales effort, we believe that Canadian shippers can successfully maintain and broaden their market in the South.

—C. O. R. ROUSSEAU

Vice-Consul of Canada and Assistant Trade Commissioner

Captain the Right Honourable Peter Thorneycroft, President of the United Kingdom Board of Trade, will open the Seventh Canadian International Trade Fair in Toronto on May 31, having accepted an invitation extended by the Right Honourable C. D. Howe, Minister of Trade and Commerce.



Transportation Notes

INDONESIA

Ships Under Construction—*Lloyd's Bulletin* reports that 34 vessels are under construction for Indonesia, including four in Indonesia, six in Belgium, twelve in Germany, five in Italy, and seven in the Netherlands—Djakarta, Dec. 15.

Pilferage Increases at Djakarta—Pilferage on ships at Tandjong Priok, the harbour for Djakarta, is reported to be increasing at a high rate and creating for steamship and insurance companies substantial losses—Djakarta, Dec. 9.

ISRAEL

National Airline to Increase Fleet—The Israel national airline "El-Al" has arranged for the purchase of three Lockheed Super Constellation planes and spare parts with a total value of approximately \$7 million, for delivery in the first half of 1955. The aircraft will be used to improve the company's transatlantic and Mediterranean services and their purchase will be largely financed with a U.S. bank loan guaranteed by the Israel Government—Athens, Dec. 21.

ITALY

Drydocks at Naples—The large drydocks at Naples, construction of which began in 1940, will be completed at the end of 1954 at a total cost to the Italian Government of approximately seven billion lire. With the completion of these docks, Naples and Toulon will be the only Mediterranean ports with drydocks large enough to hold heavy tonnage. Funds have recently been supplied to the Naples Port Authority by the Banco di Napoli to equip this new drydock. Such expenditure falls within the general purview of the industrialization of the south of Italy and Sicily—Rome, Dec. 18.

PORTUGAL

Restrictions on Non-Portuguese Vessels—Decree Law No. 39375 of October 3, 1953, reserves to Portuguese ships the sole right to carry passengers and cargo between Portuguese ports. Foreign vessels may only transport passengers and cargo in transit for a foreign destination. However, such items as commercial travellers' sample collections, refrigerated cargo, books, reviews, newspapers, mail and postal parcels may be carried by foreign ships. Further exceptions may be made in cases where there is not sufficient Portuguese shipping available.

By an order dated October 14, the Ministry of Marine restored to foreign ships the right to carry passengers between the Portuguese mainland and the Islands of Madeira and the Azores until such time as Portuguese ships can provide regular and frequent services.

A recent issue of the *Port of Lisbon Bulletin* draws attention to the need for increased Portuguese shipping between the overseas provinces and Metropolitan Portugal. Figures quoted for 1951 showed that foreign ships carried 100 per cent of the cargo to Portuguese India, 99 per cent to Macau, 92 per cent to Cape Verde, 85 per cent to Mozambique, 81 per cent to Timor, 56 per cent to Metropolitan Portugal, 49 per cent to the Azores, and 46 per cent to Angola. The total to all Portuguese ports served by foreign shipping was 64 per cent—Lisbon, Dec. 29.

TURKEY

Ports to Be Improved—Heavier traffic in 1953 has created congestion in several Turkish ports, causing frequent diversions to other harbours. In addition to serious congestion at Istanbul, Mersin, in the southern part of Turkey in the Mediterranean, has also been crowded. In view of this situation the Turkish Government recently tabled before the Turkish National Assembly a bill for voting 190 million Turkish liras (\$67·8 million) for construction and improvement at most of Turkey's ports—Athens, Dec. 15.

UNITED KINGDOM

Rolling Stock Replaced—The United Kingdom Minister of Transport announced during 1953 that the British Railways expected to obtain 253 new locomotives, 1,121 passenger coaches and between 38,000 and 39,000 freight cars. Plans for 1954, when steel supplies for this purpose will be more plentiful, include the building of 312 locomotives, 2,783 passenger coaches and 53,000 freight cars—London, Dec. 29.

Shipbuilding—*Lloyd's Register* reported that at the end of September, 316 ships of 2,190,329 gross tons were under construction in the United Kingdom, an increase of 66,764 tons over the June quarter and the highest figure since March 1952. Of this tonnage, 27·1 per cent is being built for registration abroad and 53·8 per cent represents oil tankers.

In countries other than the United Kingdom, there were 787 ships of 3·8 million tons gross under construction at September 30th, a decrease of 112,700 tons from the June 30th figure. In this group of countries, Germany has the largest volume (651,527 tons) of ships under construction—London, Dec. 29.

WEST GERMANY

German Luftag Buys Eight Planes—Capital stock of the Luftag, the predecessor of the new German Lufthansa, was recently increased from six million DM to 25 million of which the German Federal Government holds the majority share. Representatives of the company announced that eight planes have been purchased in the United States at a contract price of \$9 million. The four Lockheed Super Constellations ordered are intended to fly the transatlantic routes, the four Convair 340's on the European lines—Bonn, Dec. 22.

Venezuela

The Trade Boom Continues

Oil sales made 1953 another excellent year for Venezuela's foreign trade; Canada placed second among its trading partners but faces keen competition from German, Dutch and Belgian exporters.

CARACAS—Last year proved an excellent one for Venezuela's foreign trade, although preliminary statistics indicate that the total value will be slightly less than the record achieved in 1952. Combined Venezuelan imports and exports in 1952 were valued at more than \$2 billion, nearly seven times the annual average value for the five years preceding World War II. On a volume basis, Venezuela's external trade has more than tripled during the past 15 years.

Expanding oil shipments abroad have been largely responsible for this amazing growth. In 1938, Venezuela exported 28,378,000 cubic metres of petroleum products, in 1952, 98,450,000 metres. The continuing demand in foreign markets—and particularly in hard currency areas—for petroleum products has given Venezuela the foreign exchange to finance national import requirements and to carry out ambitious development programs. It has also brought freedom from exchange restrictions, with the result that a highly competitive buyers' market has developed and exporters from many nations compete strongly for a share of the business.

Oil Leads Exports

Total Venezuelan export trade in 1938 amounted to \$266 million—93 per cent in petroleum products, the remainder mainly in coffee and cacao. The predominance of oil in Venezuela's export trade, already evident in 1938, has continued steadily. By 1952, total exports had risen to \$1,458 million with petroleum accounting for 95 per cent, coffee and cacao 3 per cent, iron ore 1 per cent and miscellaneous products 1 per cent. Iron ore shipments will become more important in the future but it is unlikely that they will form more than 5 per cent of total exports within the next few years.

Although Venezuela's refinery capacity has grown, a major proportion of its oil is still refined for re-export on the nearby Dutch islands of Curaçao and Aruba. Therefore, when considering the ultimate markets for Venezuela's petroleum products, it is necessary to take into account oil exports from the Netherlands Antilles as well as direct shipments from Venezuela. The following table shows the principal foreign markets for Venezuelan oil and points up Canada's position during the past three years as Venezuela's second best customer. In 1952, Canadian petroleum purchases from Venezuela and the Netherlands Antilles were valued at more than \$147 million.

Venezuela and Netherlands Antilles Combined Exports of Petroleum Products

(shares based on quantity)

Destination	1950	1951	1952
United States	44.9	38.8	35.8
Canada	7.6	9.2	9.1
United Kingdom	6.1	8.5	4.4
Brazil	5.6	6.1	6.7
Argentina	4.4	4.1	4.7
France	2.6	2.0	1.5
Others	23.8	31.3	37.8
Total	100.0	100.0	100.0

Source: *Memoria*, Banco Central de Venezuela, 1952.

Import Growth Impressive

The growth of Venezuela's imports since 1938 has been equally as impressive as that of its exports. Total imports in 1938 were valued at \$93 million; by 1952 they had risen to \$726 million. In terms of volume, the increase was more than three times. The nature of these imports has remained fairly constant throughout the period, although in recent years there has been a trend towards importing more raw materials and capital equipment as new industries are established. In 1952, the breakdown of imports by commodity groups was: machinery, instruments and apparatus, 32.2 per cent; metals and manufactures, 19.3 per cent; foodstuffs and beverages, 16.1 per cent; textiles, 6.4 per cent; chemicals and pharmaceutical products, 5.7 per cent; glass and pottery, 3.7 per cent; wood, paper, cardboard and manufactures, 2.9 per cent; other commodities, 13.7 per cent.

Venezuela's principal suppliers in 1938 compared with 1952 and 1953 are shown in the following table:

Venezuela's Import Trade

(in thousands of dollars)

Country	1938	Per cent	1952	Per cent	(9 mos.) 1953	Per cent
United States ..	52,573	56.5	531,949	68.3	362,688	66.4
United Kingdom ..	6,562	7.1	55,738	7.2	42,255	7.7
Germany	11,093	11.9	25,466	3.3	24,771	4.5
Canada	45	0.0	34,400	4.4	21,308	3.9
France	2,755	2.9	20,446	2.6	13,538	2.4
Netherlands	4,756	5.1	16,163	2.1	11,871	2.1
Italy	2,297	2.5	14,828	1.9	10,308	1.8
Belgium	6,789	7.3	9,885	1.3	9,828	1.8
Others	6,169	6.7	17,328	8.9	48,863	9.4
Total	93,039	100.0	726,203	100.0	545,430	100.0

Source: Venezuelan Ministry of Development.

Following the prewar pattern, the United States, because of its proximity and vast range of export commodities, has continued to be Venezuela's leading source of supply. Germany, which held second place in 1938 with nearly 12 per cent but as late as 1948 had only 0.3 per cent, is making a strong comeback, particularly in building materials and machinery, and will probably secure close to 5 per cent of the import trade this year. Holland and Belgium are also striving to regain their prewar positions of 5.1 per cent and 7.3 per cent, respectively. Prewar, Canada had only an insignificant portion of Venezuela's imports but by 1952 had risen to third place, supplying 4.4 per cent.



—U.S. Steel Corp.

At the moment, iron ore forms only about one per cent of Venezuela's exports, but shipments will rise substantially when production from the iron ore mountains of Ciudad Bolivar, seen above, is under way.

The basic policy of the Venezuelan Government is to diversify the national economy because it realizes that the present extreme dependence on the petroleum industry has its dangers. The Government has therefore adopted various measures designed to expand food production and assist local manufacturing activities. By far the most important of these is the use of the customs tariff as a protection against imported goods which compete with similar locally-made products.

Other methods used to promote local production are exemption from duties under certain circumstances, freedom of movement for capital, licence quotas, import prohibitions, and a system of specified purchases of national production for each unit imported. The Government also undertakes bulk purchasing of commodities such as rice, sugar, and seed potatoes.

Few Import Restrictions

It should be pointed out, however, that existing Venezuelan restraints on imports apply only to a relatively small number of products, and there are no exchange restrictions because of the country's excellent dollar position. Venezuela is still only lightly industrialized and substantial quantities of foodstuffs and consumer goods will continue to be imported for many years, always provided that the present prosperity of the oil industry is maintained. A growing number of national industries will probably develop in the future, but the volume of imports should remain high as purchases of raw materials and capital equipment replace those of certain finished goods.

In general, Venezuela favours a multilateral system of trading and makes no attempt to balance out with individual countries. The Government has tried bilateral trading on a barter basis on a few occasions, particularly with Argentina and Colombia, but it has not proved too successful.

Trade Agreements

The most important Venezuelan commercial treaty now in force is that with the United States which became effective on November 6, 1939, and was subsequently amended on August 28, 1952. In addition to this treaty, there are modus vivendi agreements granting most-favoured-nation treatment, on a basis of reciprocity, with Belgium, Bolivia, Brazil, Canada, El Salvador, France, Italy, Spain, Switzerland, and the United Kingdom. These countries benefit, in accordance with the principle of most-favoured-nation, from all the tariff concessions granted by Venezuela to the United States. Thus Canada receives as favourable treatment in its trading relations with Venezuela as that granted to any other country.

Trade Outlook

Whether Venezuela's foreign trade will continue to develop at the same rate as during the past decade depends largely on the oil industry. The proven oil reserves now stand at ten billion barrels, and they probably could be expanded should the Government decide to grant new oil concessions. What Venezuela fears in the future is competition from other petroleum-producing regions, rather than the possibility of an early depletion of her oil supplies. Despite recurrent pressure from independent United States oil producers for the curtailment of Venezuelan petroleum imports, it seems likely that Venezuela will continue to market an important percentage of her oil in the United States for some years. Venezuela's exchange position should therefore remain favourable. Even if the present level of foreign trade were to decline 10 to 15 per cent, it would still be sufficient to maintain a high level of prosperity because major capital developments now under way would be carried on, although more slowly and with increased emphasis on credit facilities.

Canada's Share

Our share of Venezuelan foreign trade has increased considerably since 1944; today Canada is Venezuela's second trading partner. The balance of trade, however, is heavily in favour of Venezuela. Canadian imports from Venezuela in 1952 amounted to \$136 million, but our exports to Venezuela were valued at only \$36 million. There are many opportunities for Canadian firms in Venezuela and companies prepared to compete strongly should give this market careful consideration in their export plans.

—J. A. STILES
Commercial Secretary for Canada



Commodity Notes

ARGENTINA

Iron and Steel—An Argentine firm has purchased 50,000 metric tons of steel plates and sheets from Chile at a cost of US\$300 per ton. Under the compensatory trade agreement with West Germany, iron and steel products to the value of five million treaty dollars will be bartered for Argentine wool. Other similar agreements made with the following countries provide for Argentina's needs in primary, secondary and finished iron and steel goods: United Kingdom, Austria, Sweden, Hungary, Yugoslavia, Russia, Japan, France, Brazil and Paraguay—Buenos Aires, Dec. 20.

BRAZIL

Rubber—The Amazon Credit Bank has estimated 1954 rubber production at between 36,000 to 37,000 tons, a 20 per cent increase over the previous period. However, national manufacturing of rubber articles has expanded so rapidly in the last few years that it is believed domestic production will not be enough to supply the market and imports of crude rubber will be necessary to meet future demands—Rio de Janeiro, Dec. 18.

CHILE

Apples—Chile expects to ship approximately 500 thousand cases of apples to Bolivia, Peru, Western Germany, France and Sweden during the coming months. Steamers specially equipped with refrigeration for carrying fresh fruit are due to arrive and begin loading at Chilean ports during the first quarter of 1954—Santiago, Dec. 15.

CUBA

Seed Potatoes—The Ministry of Agriculture has reported that, from September 1st to November 26th, Cuba imported 148,140 containers of seed potatoes. Of these, 67,150 containers came from the United States and 80,990 containers from Canada. The varieties involved in both cases were Pontiac and Red Bliss. Containers include bags, crates, or barrels—Havana, Dec. 17.

DENMARK

Pork—During the last week in November, the Danish slaughteries agreed to ship to the United Kingdom Ministry of Food 6,000 tons of pork, valued at about 30 million kroner. One thousand tons of this were to be supplied before Christmas and the remainder during

January and February. The price is said to be about 237/6 per 112 lb., c.i.f. U.K. ports. These shipments are entirely independent of the Anglo-Danish bacon agreement—The Hague, Dec. 23.

ITALY

Cement—The largest cement plant in Europe, now being completed at Coroglio near Naples, will start operations on January 1, 1954. The plant has been partly financed by a loan from the "Cassa del Mezzogiorno", an organization devoted to the development of agriculture and industry in southern Italy whose main sources of income are ECA counterpart funds and loans from the World Bank. This new plant will replace the old "Ilva" cement works of Bagnoli, and will have an annual output of 4.2 million tons of cement—Rome, Dec. 28.

NEW ZEALAND

Perlite—An important deposit of perlite has been discovered in two localities in New Zealand, both within easy reach of rail transport. Production, it is said, will be sufficient to supply total New Zealand needs for insulation, as well as agglomerate for building concrete, and leave a surplus for export. A company is being formed to exploit the deposits—Wellington, Dec. 15.

NETHERLANDS

Bulbs—Bulb exports from the Netherlands in 1953 to more than 100 countries were expected to bring in 150 million guilders (\$39 million), compared with 136 million guilders (\$35.3 million) in 1952. The biggest export markets are the United Kingdom, the United States, Germany, Sweden, France and Canada.

Twenty-five thousand people are directly employed in bulb-growing in Holland and the area of land under cultivation is only 7,200 ha. (17,800 acres) or one third of 1 per cent of the total farm land. Annual expenditures on bulb research currently amount to 500 thousand guilders (\$130 thousand), compared with only 500 guilders (\$130) thirty-five years ago. Research work carried on by the Phytopathological Laboratory at Lisse in the centre of the bulb district has checked or brought under control all diseases affecting bulbs—The Hague, Dec. 27.

TURKEY

Tobacco—Turkey's 1953 tobacco crop is expected to produce 100,000 metric tons, of which almost three-quarters was grown in the Aegean Sea region and the remainder mainly in the Black Sea area. Demand for Turkish tobacco is strong this year, and it is expected that all this year's crop as well as last year's carryover will be sold on world markets. Tobacco has been second only to raw cotton in importance among Turkish exports, although it may now be exceeded also by wheat. During 1952 Turkey exported 55,889 tons of tobacco to a large number of countries including Canada, but mainly to the United States, Germany and the U.S.S.R. During the first nine months of 1953, tobacco exports amounted to 40,638 tons, even though the heavy export season is in winter—Athens, Dec. 17.

Australia

Exporting Scrap Iron and Steel

In recent months Australia has re-examined its export policy on scrap iron and steel and some controls have been restored.

SYDNEY—Before the war, Australia exported substantial quantities of scrap iron and steel. Average annual exports during the four immediate prewar years totalled 58,000 tons, most of which went to Japan. During the war and after, to conserve supplies of scrap for the local steel industry and foundries, an embargo was placed on the export of scrap iron and steel.

In July 1952, restrictions were eased sufficiently to permit export to the United Kingdom, provided the scrap was collected outside a radius of 50 miles from state capitals and other specified towns. On March 20, 1953, the controls were further relaxed to allow shipments anywhere outside the Iron Curtain countries. Export licences have since been granted freely on proof that the scrap is available in rural areas.

Japan Is Main Buyer

During the financial year 1952-53, approximately 59,000 tons of scrap steel were exported from Australia, mainly to Japan, although small quantities were shipped to the United Kingdom and elsewhere. During the first quarter of the present financial year the rate of shipment increased and 45,600 tons were exported, again mainly to Japan. Because of this increase, certain individual industrialists and manufacturers' organizations have argued that such large shipments may affect adversely the supply of scrap for Australian industry.

This fear derived largely from the current low Australian price for scrap steel—between £4 and £6 per ton, compared with £12 to £13 a ton which the Japanese are offering. With local requirements of scrap iron and steel estimated at about 330 thousand tons a year, unrestricted exports could place Australian industry in an extremely difficult position. Estimates of the amount of scrap iron and steel actually located in Australia vary widely and no accurate picture of the supplies available can be obtained. Businessmen feel, however, that though there may be considerable quantities, stocks would be rapidly depleted if restrictions on exports were removed.

To safeguard supplies of scrap iron and steel for local needs, the Government instituted on November 16, 1953, a new system of issuing export licences. This, it is hoped, will simplify the administration of export procedures and at the same time help to maintain a reasonable volume of exports. It provides a quota for each exporter in proportion to his actual exports for the year ended June 30, 1953. Scrap exported under this quota may be drawn from any local, country, or metropolitan area within the particular State for which the quota is valid. The total which may be shipped during the remainder of the present financial year

was set at 30,000 tons. The whole arrangement will be reviewed before June 30, 1954 and a decision made about future exports. Under the new procedure, scrap is defined as including scrap cast iron as well as all used steel.

There seems to be no doubt that the great bulk of exports will continue to go to Japan where prices, though falling, are still attractive.

—C. M. FORSYTH-SMITH
Assistant Commercial Secretary for Canada

U.K. Token Imports for 1954

THE UNITED KINGDOM will continue its Token Import Scheme in 1954, with annual quotas remaining at 30 per cent by value of each manufacturer's average trade with the U.K. during the years 1936-38 in the commodities covered by the Scheme. The list of commodities which British importers may bring in from Canada is unchanged, but some concessions have been made.

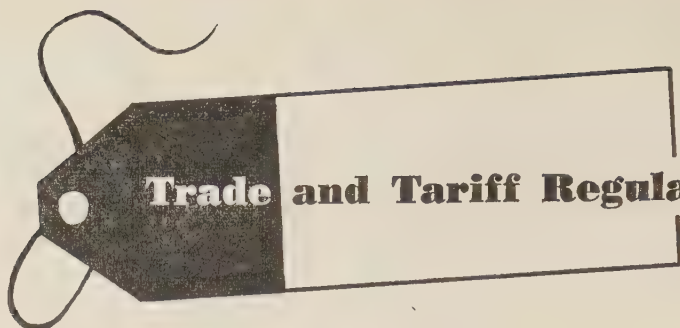
Of particular interest is the lifting of the restriction imposed in 1951 on the number of quotas which could be granted. In 1954, the Board of Trade has agreed to consider applications from firms which exported to the U.K. during the base period 1936-38 any of the commodities on the eligible list, but which have not previously applied for a quota, or whose application was refused when the Scheme was frozen on January 1, 1951. Canadian firms interested in taking advantage of this concession may obtain application forms from the Export Division, Department of Trade and Commerce, which will submit them to the Board of Trade. The other concessions in the 1954 Scheme are:

- Personal and baby scales may now be imported under the heading "weighing apparatus, etc."
- There is no restriction on the proportion of the apparel quotas which may be used for lace-trimmed garments.
- There is no restriction on the proportion of the quotas for fully fashioned stockings which may be used for nylon stockings.

Vouchers for 1954 shipments may be presented to the licensing section of the Board of Trade up to February 28, 1955; 1954 shipments must be cleared through British Customs by March 31, 1955.

The Token Import Scheme was inaugurated in 1946 and was designed to enable Canadian firms whose goods had been largely excluded from the U.K. market to keep their products and brand names before British importers and the British consumer by import licensing. It included about 62 commodities which Canada was able to export, such as rubber footwear, canned foods, films, canned lobster, cosmetics and toilet preparations, electrical appliances, etc. In 1948, leather footwear was added.

Only exporters who had previously shipped to the United Kingdom were eligible to participate and the original quota was 20 per cent of 1936-38 shipments. This remained unchanged until 1951, when it was raised to 40 per cent. In 1952, it was reduced to 30 per cent.



Trade and Tariff Regulations

BENELUX

Certain Tariff Suspensions Renewed—Advice has been received from the Commercial Secretary in Brussels that the customs duties on canned salmon and coniferous lumber entering Belgium, the Netherlands and Luxembourg will again be fully suspended until the end of the present year. These suspensions have been maintained on a yearly basis since the common Benelux tariff came into force on January 1, 1948.

A complete list of items on which Benelux duties will be suspended during 1954 is expected to be available in the Department shortly.

INDIA

Import Control Policy for January-June, 1954—The Canadian Commercial Secretary, New Delhi, cables that the Indian import policy announced for January-June 1954 provides for some relaxation for imports from the dollar area, as follows:

The quota percentage is increased for steel belt lacing and for drugs and medicines. Soft currency licences for cellulose acetate sheet and moulding powder are now valid for shipments from the dollar area as well.

There is reported to be some liberalization to permit imports from the dollar area of the following goods: natural essential oils; synthetic essential oils; perfumery; precious stones, unset and uncut; domestic refrigerators; wireless instruments.

Separate quotas are established for the following goods from the dollar area: chlorobutyl; tonic or medicated wines; chloral hydrate, excluding preparations; preparations of nicotinic acid; salicylate, excluding preparations; dextrose in powder form, excluding preparations; sparkplugs and electric horns; laboratory balances and weights; instruments not otherwise specified.

The quota percentages are to be reduced for card cans, liver extract injectible, secondhand clothing, pistons and cylinder lines, breakfast foods, X-ray developers and fixing salts and liquid glucose.

The position of other commodities from the dollar area is unchanged.

(The foregoing cabled information is based on press reports and is subject to confirmation and amplification when the official text is received.)

JAPAN

Further Imports under Foreign Exchange Budget—The Ministry of International Trade and Industry of Japan has issued three additional Import Notices announcing commodities which may be imported from the U.S. dollar currency area (including Canada) under the Foreign Exchange Fund Allocation System. Under this import procedure, an allocation of foreign exchange must be obtained at a foreign exchange bank before applying for an import licence. Applications for import licences covering the commodities included in these Import Notices must be made before March 31, 1954.

Import Notice No. 36, effective from October 19, 1953, invites applications for import licences from interested importers for fuel and gas oil and gasoline.

Import Notice No. 37 dated November 10, 1953, announces that applications for import licences for carbon black will now be considered.

Import Notice No. 38 dated December 4, 1953, invites applications for import licences to import the following commodities: motor vehicles, including parts for assembly; auto parts; dry skim milk.

For previous information on Japanese import trade control policy see *Foreign Trade*, October 24, page 27, and December 19, page 25.

NEW ZEALAND

Import Restrictions Relaxed—The New Zealand Department of Customs has announced that, as from December 18, 1953, imports of all kinds of timber, including logs, laths and shingles, undressed and dressed lumber, being the produce or manufacture of any country, no longer require an import licence.

UNITED KINGDOM

Extension of World Open General Licence to Certain Raw Materials—The Board of Trade, in Notice to Importers No. 608, announces that, effective December 17, 1953, the following raw materials have been added to the list of goods admitted under World Open General Licence, and may therefore be imported into the United Kingdom from any country without separate licence:

Alloys, unwrought, except ferro-alloys, of the following metals: beryllium, cobalt.

Arsenous oxide (white arsenic).

Boron.

Bristles.

Casein, raw.

Cutch.

Dipentine.

Drugs and the like, raw or simply prepared, the following: Quillaia bark.

Ferro-alloys, unwrought, the following: ferro-beryllium, ferro-cerium, ferro-cobalt, ferro-molybdenum, ferro-tungsten, ferro-uranium, ferro-vanadium.

Gums and resins, the following: arabic, copals, shellac, tragacanth.

Iodine.

Locust bean kernels.

Metals, unwrought, the following: Cadmium, manganese, mercury, nickel, tantalum.

Molasses containing not more than 60 per cent of sweetening matter.

Nickel oxide.

Oils, the following:—oiticica, raw; tung (China wood).

Paints and painters' materials, the following: dry earth colours.

Quartz, raw rock crystals and slabs, not processed.

Silk, raw.

Silk waste and noils, including waste and noils containing other materials.

Sodium chloride (salt).

Waxes, natural, the following: beeswax, montan wax, ozokerite.

Whale bone and whale finners.

Licensing Arrangements for Pyrites and Sulphur—The Board of Trade in Notice to Importers No. 607, announces that, effective January 1, 1954, pyrites and sulphur will be returned to private trade.

Pyrites will be added to the list of goods admitted under World Open General Licence and may therefore be imported into the United Kingdom from any country without separate licence as from January 1, 1954.

The Board of Trade is prepared to consider applications for licences to import sulphur from any source as from January 1, 1954.

Licensing Arrangements for Soya Beans—The Board of Trade, in Notice to Importers No. 613, announces that, effective January 1, 1954, imports from any source of soya beans for crushing and milling will be permitted into the United Kingdom under Open Individual Licence.

The Board of Trade will issue licences to importers who undertake to use soya beans only for these purposes. Importers must make a monthly report of imports under such licences, which will be valid until June 30, 1954.

UNITED STATES

Proclamation on Imports of Oats—According to *United States Federal Register* of December 31, 1953, the President has issued Proclamation 3041 dated December 26, 1953, stating under authority of section 22 of the Agricultural Adjustment Act that the total aggregate quantity of hulled and unhulled oats and unhulled ground oats, other than oats the product of Canada, entered, or withdrawn from warehouse,

for consumption during the period December 23, 1953, to September 30, 1954, inclusive, shall not be permitted to exceed 2.5 million bushels of 32 pounds each.

The Proclamation also notes that Canada has undertaken to limit exports of oats to the United States to 23 million bushels during the period from midnight December 10, 1953, to midnight September 30, 1954.

Furthermore, it is stated that the provisions of this Proclamation shall not apply to certified or registered seed oats for use for seeding and crop-improvement purposes, in bags tagged and sealed by an officially recognized seed-certifying agency of the country of production: provided (a) that the individual shipment amounts to 100 bushels (of 32 pounds each) or less, or (b) that the individual shipment amounts to more than 100 bushels (of 32 pounds each) and the written approval of the Secretary of Agriculture is presented at the time of entry, or bond is furnished conditioned upon the production of such written approval within six months from the date of entry.

Duty on Hides Reduced, Other Tariff Reductions Negotiated with Uruguay Withheld—According to United States *Federal Register* of December 30, 1953, the United States has brought into force, effective December 16, 1953, one tariff reduction negotiated with Uruguay in 1949 under the General Agreement on Tariffs and Trade, and withheld other tariff reductions negotiated at that time.

The rate of duty on calf, kip and cattle hides and on buffalo hides, under tariff paragraph 1530(a) is reduced from 5 per cent ad valorem to 4 per cent ad valorem, effective December 16, 1953.

The *Federal Register* states that, "serious problems which have developed in the cattle and beef situation in the United States since negotiation of the said trade agreement for accession render inappropriate the application to the products specified in items 705 and 706 in Part 1 of Schedule XX of the said trade agreement for accession of rates of duty lower than those now applicable thereto". Consequently, the negotiated reductions on "extract of meat; beef packed in airtight containers; and beef and veal pickled and cured", are being withheld.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.02531.

Country	Unit	Type of Exchange	Canadian dollar equiv. Jan. 7	Notes (See below)
Argentina	Peso	Preferential buying	1300	
		Basic buying	1951	
		Preferential selling	1951	(1)
		Basic selling	1300	
		Free	07020	
Austria	Schilling .....	.....	03751	
Australia	Pound .....	.....	2.1940	
Belgium Luxem- bourg & Belgian Dependencies ...	Franc .....	.....	01957	
Bolivia	Boliviano	Official	00513	
British West Indies	Dollar .....	.....	5714	(3)
	Pound .....	.....	2.7425	(4)
	Dollar	Brit. Honduras	6856	
Brazil	Cruzeiro	Official selling	05182	tax 8%
		Effective buying	03439	(2)
		Coffee buying	04175	(5)
Burma	Kyat .....	.....	2048	
Ceylon	Rupee .....	.....	2057	
Chile	Peso	Official	00887	(1)
Colombia	Peso	Basic	3901	
Costa Rica	Colon	Official	1737	(6)
		Controlled free	1468	*
Cuba	Peso .....	.....	9753	tax 2%
Czechoslovakia ..	Koruna .....	.....	1355	
Denmark	Krone .....	.....	1412	
Dominican Republic	Peso .....	.....	9753	
Ecuador	Sucre	Official	06502	(7)
		Free	05465	
Egypt	Pound .....	.....	2.8007	
Fiji	Pound .....	.....	2.4707	
Finland	Markka .....	.....	00424	
France	Franc .....	.....	00279	
French Africa	Franc .....	.....	00557	
French Pacific	Franc .....	.....	01533	
Germany	D Mark .....	.....	2322	
Greece	Drachma .....	.....	000033	
Guatemala	Quetzal .....	.....	9753	
Haiti	Gourde .....	.....	1951	
Honduras	Lempira .....	.....	4877	
Hong Kong	Dollar	Free	1650	*Dec. 24
Iceland	Krona	Official	05989	
		Special buying	04611	
		Special selling	03715	
India	Rupee .....	.....	2057	
Indonesia	Rupiah	Basic	08555	(8)
		Dollar certificate	00183	*

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Jan. 7	Notes (See below)
Iran	Rial	Official	03024	*
		Certificate	01013	*
Iraq	Dinar		2 7309	
Ireland	Pound		2 7425	
Israel	Pound	Effective basic	9753	
		Premium	5418	(9)
Italy	Lira		00156	
Japan	Yen		00271	
Lebanon	Pound	Free	3006	
Mexico	Peso		1128	
Netherlands	Guilder		2567	
Netherlands Antilles	Guilder		5172	
New Zealand	Pound		2 7425	
Nicaragua	Cordoba	Effective buying	1478	(10)
		Official selling	1383	
		With Surcharge I	1211	
		With Surcharge II	08704	
Norway	Krone		1355	
Pakistan	Rupee		2948	
Panama	Balboa		9753	
Paraguay	Guarani	Basic	06502	(1)
		With Surcharge I	04644	(11)
		With Surcharge II	03251	
Peru	Sol	Certificate	04948	
Philippines	Peso		4877	tax 17% (2)
Portugal	Escudo		03404	
El Salvador	Colon		3901	
Singapore & Malaya	Straits dollar		3200	
South Africa (Union of)	Pound		2 7425	
Spain & Dependencies	Peseta	Basic buying	04453	
		Basic selling	08692	
		Basic commercial selling	05937	(1)
		Free	02504	
Sweden	Krona		1885	
Switzerland	Franc		2273	
Syria	Pound	Free	2722	*Dec. 11 (1)
Thailand	Baht	Official	07802	
		Free	04759	*Nov. 21
Turkey	Lira		3483	
United Kingdom	Pound		2 7425	
United States	Dollar		9753	
Uruguay	Peso	Official	6421	
		Basic buying	5479	
		Special buying	4150	(1)
		Basic selling	5133	
		Special selling	3980	
Venezuela	Bolivar		2911	(12)
Yugoslavia	Dinar		00325	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
8. Indonesia: Effective buying rate is basic plus 70 per cent of dollar certificate rate. Rupiah value for other than essential imports is reduced by 33½ per cent, 100 per cent or 200 per cent depending on product. Cost of all dollar imports is increased by full amount of certificate rate.
9. Israel: An additional rate of 1 Israeli pound equals U.S. \$2.80 applies to imports of wheat and sugar only.
10. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
11. Paraguay: Basic rate applies to most Paraguayan exports.
12. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory notes see *Foreign Trade* of October 11, 1952.

Some Uses For DBS Figures

What are some of the ways businessmen can use Dominion Bureau of Statistics figures? The Bureau gets out figures on thousands of items, so each must delve for himself on statistics closely related to his own business. But many statistics of general interest are also of interest and use to businessmen. Here are some examples of how different kinds of figures can be of use:

Prices — Some manufacturers use wholesale price indexes for iron and steel and nonferrous metals in negotiating contracts for "heavy" industry products. Can link escalator clauses in price contracts to various indexes. Consumer price index widely used in labor contracts. Basis of analysis of price trends in many fields.

Wages, salaries, earnings — Freely used in cost accounting by some firms. Can compare earnings, hours of employees against own and other industries and areas. Gauge competitors' costs. Average hourly earnings used in escalator clauses in some business agreements as representative of changes in labor costs.

International trade — Imports, exports of thousands of items, monthly. Quantities and values. Among most important figures for over-all economy too.

Vital Statistics — Use births, marriages, monthly, by regions, cities to fix quotas, frame production programs of children's clothing, toys, carriages, foods, furniture, appliances, etc. Points way to longer term markets, other industries.

Capital Expenditures — Intentions of businessmen and others to spend on machinery and equipment as well as construction is surveyed at beginning of each year. Available for individual industries in considerable detail. Amazingly accurate in over-all picture.

Employment — Important indicator of markets, available monthly by regions. Unemployment figures give labor supply situation across country. New monthly labor force survey reveals part-time as well as full unemployment. Helpful in locating new industries.

Agriculture — Crop forecasts help banks, elevator, others who must help farmers predict needs.

Also indicate purchasing power of farm regions in future. Farm cash income quarterly report tells it after the fact. Important market for machinery, hardware, fencing, etc., as well as normal consumer goods.

Manufacturing — Monthly inventories, shipments, orders of many individual industries. Quarterly figures on others. Annual census of industry covers everybody. Enables manufacturers to compare own material, labor, power costs with others in industry.

Construction — Annual survey of what businessmen and others plan to spend in year ahead. Available for individual industries in considerable detail. Annual reports of actual construction afterwards. Also, monthly, how many houses started in each important urban centre. Employment, wages by regions, monthly. Indexes of building costs important to businessmen planning plants.

Institutions — Annual reports on hospitals, welfare institutions, help salesmen of medical and surgical supplies, pharmaceuticals, laundry machinery, uniforms, equipment.

November 7, 1953

THE FINANCIAL POST

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Norway Looks to the North (page 2)



foreign trade

14

OTTAWA, JANUARY 23, 1954

NO. 369

Norway Looks to the North	2
Fairs and Exhibitions	7
Why Not Sell in Chicago?	9
Commodity Notes	
Brazil, Chile, Finland, Grenada, India	12
Italy, Japan, Northern Rhodesia, Portugal	13
Colombia's Caribbean Country	14
General Notes	
Australia, Barbados, Brazil	18
Denmark, Greece, Leeward and Windward Islands, Netherlands	19
Sweden, United Kingdom, United States	20
Saint John: the Loyalist Port	21
Trade and Tariff Regulations	
Cuba, Brazil, Indonesia	24
Italy, Northern Rhodesia, Southern Rhodesia	25
United Kingdom	27
Foreign Exchange Rates	28

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Norway Looks to the North

Two years ago, Norway set on foot an ambitious plan for developing its three northern counties, lying largely within the Arctic Circle. Canadians should find this outline interesting.

OSLO—Just two years ago, the Norwegian Parliament brought into being an ambitious program for developing its three northernmost counties, which lie largely within the Arctic Circle. The North Norway Plan set up a public fund to develop this area, putting particular emphasis on the setting-up of privately owned industry, the modernization of the fisheries, the expansion and development of electric power, and the improvement of communications. The large-scale training of skilled labour and the tripling of the area under cultivation are also stressed.

Before discussing the plan further, it might be well to survey that part of Norway to which it applies.

The Land and the Climate

The term North Norway embraces the three northernmost counties of Nordland, Troms and Finnmark. Distances are great; the southern boundary of Nordland cuts the 65th parallel and the northernmost tip of Finnmark lies at 71° 11' 8". The combined area is roughly 114,000 square kilometres, or about one-third of the area of the whole country. In the northeast corner the frontier adjoins Russia.

The interior of Finnmark is mainly a large waste plateau lying at an average height of 300 metres above sea level, with steep cliffs falling toward the sea in the north. Farther south, where the country becomes narrower, the mountains grow more alpine and sharp peaks are a feature of both the mainland and the islands off the coast. The peaks in Troms and Nordland rise to heights of 1,800 or 1,900 metres and it is only south of North Norway proper that a depression occurs in the land.

The greater part of this area lies above the Arctic Circle. It is, in fact, the land of the midnight sun, where six months of summer daylight are followed by six months of snowbound darkness. It is also situated in the path of the North Atlantic cyclones and the weather changes both frequently and suddenly. The climate, however, is less severe than might be expected because of the Gulf Stream, which splits at Lofoten. One branch continues directly north to Spitzbergen and the other follows the coasts of all three counties eastwards towards the Barentz Sea. Variations in mean winter and summer temperatures are no more than 25-30 degrees Centigrade and the mean annual temperature on the coast, even in the extreme north, is not lower than from 1 to 2 degrees Centigrade. In the interior it is only slightly lower at 2 degrees C. Rainfall is slight; Alta in Finnmark is one of the driest places in Norway.

North of the Arctic Circle, spruce forests disappear and birch is the most important tree, becoming stunted scrub on the higher ground. Some pine is found in the inland valleys.

The population is small (12 per cent of the total for Norway) but it has increased during the last thirty years. In 1920, it was 308,766; by 1950, it had risen to 403,579. This increase has been in the proportion of about three to one as between country and town. Apart from some mining, industrial activity has been very limited and the chief occupations have been fishing and small holding. The 20,000 Lapps either farm or herd reindeer. North Norway has 50 per cent of the fishing population of the whole country and 48 per cent of the male population there are fishermen. These men cannot support themselves and their families on fishing alone and 33 per cent of the total working population combine with their fishing other activities, usually agriculture on a small and unscientific scale. Since the end of the war, the building industry, which has been engaged in the restoration of townships devastated by the Germans during their retreat in 1944, has absorbed a number of fishermen otherwise idle during the summer months. This temporary source of employment is drying up as the work nears completion.

Most of the population of North Norway lives near the sea, and until recently relied entirely upon it for communication with the outside world. Today, communication with the south is provided by the vessels of an express coastal service calling several times a week throughout the year at all major points. The railway from Trondheim has reached only just beyond the Arctic Circle; a single track line running in from Sweden direct to Narvik carries ore to that port. One road runs the length of the three counties, with few turnings off to the main centres. Its construction and maintenance has been hampered by the climate and terrain and it is narrow and poorly surfaced. Air services from the south have lately been extended to include all major towns.

The Problem of Rehabilitation

The rehabilitation of the country presents a complex problem. Unemployment is both seasonal and chronic. Intermittent poverty and insecurity is the lot of the fishermen of North Norway, like their counterpart in so many countries. The soil is poor. Communications by road and rail are inadequate. The region needs more electrical power, more industry, more capital, and more skilled labour. The scope for the production of consumer goods is narrow, because of the low purchasing power of the population and bad communications. And always in the background as psychological factors to aggravate the situation are the remoteness from cultural centres and the long periods of darkness and cold.

Industrial Enterprises

Against this sombre backdrop, certain industrial enterprises stand out in sharp relief. Foremost among them are the Norsk Hydro works at Glomfjord, the Norwegian State Iron Works at Mo-i-Rana, the production of flotation pyrite concentrate at Sulitjelma, all in the county of Nordland, and the iron mine and smelting plant at Syd-Varanger A/S Kirkenes in Finnmark, almost on the Norwegian-Russian frontier.

In the past, Norsk Hydro has been producing liquid ammonia at Glomfjord at the rate of about 65,000 tons a year, and this is shipped in tankers to Herøya in South Norway, to be used with limestone to make nitrate fertilizer (40,000 tons a year). It has recently been announced,

however, that Norsk Hydro will build a complete fertilizer plant next to its liquid ammonia plant at Glomfjord, which will have an annual capacity of 100 thousand tons. The present plant employs about 350 men and the new one will employ another 100. There will, of course, be temporary employment for several hundred more while building is in progress.

The Syd-Varanger plant was utterly destroyed during the war, but reconstruction and modernization enabled production to be resumed on a modified scale in the autumn of 1952. The plant has operated at full capacity throughout 1953, employing about 700 men and producing iron ore concentrate at the rate of a million tons a year.

Steel Works at Mo-i-Rana

The government-sponsored company A/S Norsk Jernverk was formed in 1946 to plan, construct and operate an iron and steel works at Mo-i-Rana near the Dunderland iron ore deposits. Mo-i-Rana has a present population of about 3,000 but it is estimated that, when the steel works are in full production, this will increase to 15,000 or even more. The steel works are expected to employ some 1,500 men. Foundations for the steel works and ancillary plants were laid in 1951 and halls for housing the rolling mills were completed. However, delivery and other difficulties suggest that the steel works and the hydro-electric power plant in course of construction at Røssaaga will not be ready by the end of 1954, as was originally hoped. An eventual production of 400 thousand to 500 thousand tons a year is the target but at the moment it is difficult to predict what the future holds for this project.

Other Steps to Be Taken

But these enterprises can make, either now or in the future, only a limited contribution toward the solution of the employment problem. The construction of lateral roads needed to connect the seaports with the inland towns which would spring up were North Norway to be industrialized could provide work for a considerable number, but road construction in the winter is fraught with many difficulties. Industrialization must also depend upon a plentiful supply of electric power. North Norway has 17 per cent of the potential hydro-electric power of the whole country but only 7 per cent of the developed power and the erection of hydro-electric plants is a necessary first step—and would mean jobs.

A third remedy would seem to be the extension of the fishing period by the exploitation of other fishing grounds—e.g., the halibut grounds near Bear Island and the Greenland fisheries—and by both the extension and intensification of agriculture. The extension of the fishing season might relieve the basic difficulty of busy and slack periods with which all fish processing plants in North Norway contend. They are busy from February to April and almost inactive otherwise. This means that the capital sunk in them lies comparatively idle for months on end and of course they can employ only maintenance men during the off-season.

The difficulties which the North Norway plan must contend with are formidable and even the expenditure of large sums of money over a long period cannot absolutely guarantee ultimate success. The Norwegian Government, however, is pressing on with the scheme.



At the Lofoten Islands, pictured above, the Gulf Stream splits. One branch continues north to Spitzbergen and helps to moderate the climate; variations in mean winter and summer temperatures are only 25°-30° C.

At the beginning of 1952, the Storting voted Kr.406 million (roughly \$58 million) towards the Development Fund, to be allocated on the recommendation and under the scrutiny of a Development Board for specific accredited projects. At the same time, it was hoped that private enterprise in South Norway would be attracted to the North and that voluntary gifts from the more prosperous communities in the South would be forthcoming. The municipality of Oslo, for example, has given a total of Kr.1.5 million towards the establishment of a training school for fishermen at Honningsvaag in Finnmark.

In July 1953, eighteen months after the Plan was put into effect, it was announced that nearly Kr.181 million had been allotted. Of this, Kr.36.5 million has been fed into the program for agriculture, including enlargement of the average farm unit from 75 to 100 dekares (about 25 acres), increased financial assistance to farmers, intensification of animal husbandry and the establishment of agricultural machinery depots, communal dairies and slaughterhouses.

Help for Fisheries

The fisheries, as the principal industry of North Norway, have benefited to the extent of about Kr.23 million to date. In this field the accent has been upon the introduction of rational methods and equipment, such as small trawlers, echo sounders and standardized tackle which, together with modern housing, canteens and communal centres, are expected to increase the size of catches and the comforts of the men. Also included are scientific investigations of coastal waters and fish-processing methods and an increase in the number of refrigerating plants.

Closely related to the fisheries program is the effort to improve the system of communications, to provide adequate outlets for fisheries and

other products. In an attempt to increase shipping activity in the area, four ships have been transferred to the North Norway service and contracts placed for the building of three new vessels. This will mean the trebling of the North Norway fleet. Apart from items under the heading of road and rail communications in the national budget for 1953-54, a special grant of Kr.8 million has been made towards road construction and over a three-year period, North Norway is to receive some Kr.35 million for the development of communications under the defence program.

It is hoped eventually to supply 75 per cent of the population of North Norway with electricity for domestic purposes and so far Kr.15.1 million have been granted toward the development of hydro-electric power. Concurrently, Kr.1.07 million have been allotted to provide facilities for education in domestic science. The fresh-water fisheries and the reindeer herdsman share a grant of nearly Kr.3 million; forestry has been assisted to the extent of Kr. 1.8 million.

Mining Enterprises

Assistance to industry so far has been aimed at the possibility of opening new mines. This has taken the form of ore examination and pilot operations, not only on new sites but where deposits previously discovered have not been fully exploited. Mining enterprises alone account for grants of some Kr.39.2 million, of which about three-quarters has been used for loans to A/S Syd-Varanger.

It is understood that, by June 30, 1953, the Development Board had approved 77 applications by industrial concerns and other enterprises interested in the possibilities of North Norway. The establishments planned are expected to give permanent employment to about 600 men.

—J. L. MUTTER

Commercial Secretary for Canada

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.



Canada in Japan

SIX EXHIBITS WILL BRING CANADA to the First Japan International Trade Fair in Osaka, April 10 to 23 (see *Foreign Trade* of December 12). One will be an official display, now being prepared at the Canadian Government Exhibition Commission workshops. The others are principally from Canadian machinery and equipment manufacturers.

Exhibitor space at the Osaka Fair is at a premium, according to reports; applications to date total 215 from foreign countries and 400 from Japan. Planning to show their wares are producers from Switzerland, the United States, West Germany, Sweden, Denmark, Italy, England, France, Holland, the Ryukyus, Australia and the Philippines.

Change of Date

COLOMBIA HAS ANNOUNCED a new opening date for its International Industrial Exposition in Bogotá—June 13th. This exhibition will run for at least two weeks, and probably a month.

Leather Luxuries

FRENCH LEATHER CREATIONS will be on display in Paris, at 84 rue Réaumur, from February 14th to 22nd. The products displayed will include women's handbags, small leather articles, saddlery, cases, travelling articles, belts and fancy leather goods. This is the second exhibition of leather goods sponsored by the National Federation of Manufacturers of Leather Goods, 6 rue Béranger, Paris.

Internationale Frankfurter Messe

IN FRANKFURT, GERMANY, spring means the International Fair, opening this year on March 7th, closing March 11th. Exhibits from Germany and abroad will come under a variety of classifications—clothing and textiles; sports articles; jewellery, clocks and watches; smokers' requisites; handicrafts; art printing and fine publishing; domestic and kitchen utensils; glass, china and earthenware; furniture; office equipment; display articles, shopfittings; chemical products, soap, perfumery, cosmetics, fine brushes; surgical

requisites; musical instruments, toys; food and stimulants; workshop and workshop equipment; building industry and plumbing.

Facilities for visitors to the fair include reduced railway fares in Germany and Europe, export trade banks, a typing and mimeographing bureau, restaurant and conference rooms. For information, write the Fair Office, Frankfurt am Main, Platz der Republik, Festhalle.

Trade Fair in Trieste

THE 6th TRIESTE INTERNATIONAL TRADE AND SAMPLE FAIR will run from May 22 to June 7, 1954, and the management invites exhibitors and visitors from all over the world. Last year, 32 nations were represented at the Fair and 731 of the 1,229 exhibitors came from foreign countries. The Trieste Fair's representative in Canada is John H. Kohn, Manufacturers' Agent, 23 Buchanan Avenue, Hamilton, Ontario, who will be glad to supply further information.

Machine Tool Show

THE TENTH BIENNIAL ASTE INDUSTRIAL EXPOSITION, sponsored and operated by the American Society of Tool Engineers, is scheduled for April 26-30, 1954, in Philadelphia. Information can be obtained from the Society whose offices are at 10700 Puritan Avenue, Detroit 21, Michigan.

Foreign manufacturers of machine tools, accessories and allied equipment which would be of interest to the industry are invited to exhibit. Applications for space already are reported from machine tool manufacturers in the United Kingdom, France, Italy, Switzerland and Western Germany. Foreign business visitors are invited, but the exposition will not be open to the public.

Fair Calendar

- *Furniture Fair*, Cologne, February 19-22. Apply: German Tourist Information Office, 1176 Sherbrooke St., W., Montreal, Quebec.
- *Motor Show*, Amsterdam, February 26-March 7. Apply: The Netherlands Association of the Cycle and Automobile Industry, De Lairesestraat 13, Amsterdam Z., Netherlands.
- *14th Automobile Exhibition*, Copenhagen, February 26-March 7. Apply: Amaliegade 22, Copenhagen K., Denmark.
- *49th Annual Canadian Hardware and Housewares Exhibition*, Toronto, February 1-4 in Canadian National Exhibition Grounds. Apply: Canadian Retail Hardware Association, 1835 Yonge Street, Toronto 12, Ontario.
- *3rd Annual International Motor Sports Show*, New York, February 6-14, at the 7th Regiment Armory, 66th Street and Park Avenue.

Why Not Sell in Chicago?

An isolated trading post in 1830, Chicago has today become the hub of the busy Midwest, the centre of a rich trading area where Canadian goods should find a rewarding market.

CHICAGO—Chicago, a city of $3\frac{1}{2}$ million people, today is the hub of the great Middle West and an industrial and commercial centre of first importance. Last year it carried on a wholesale business totalling nearly \$18 billion and a retail business of \$6·9 billion, plus a huge mail order trade. Its 14,000 industrial plants turned out goods worth \$18·3 billion; it led the eleven other industrial areas in the United States in the manufacture of many types of goods. Altogether, Chicago constitutes an enormous and wealthy market—and one that Canadians should be cultivating more intensively.

The phenomenal growth of Chicago can be credited to climate, to geography, and to the men from many lands who had a part in its building. In 1830, it was a frontier outpost of less than a dozen cabins; a scant seven years later it was incorporated as a city. By 1890 it had become the second largest city in the United States and by 1945 the fourth largest in the world.

Geography and Growth

Geographic factors have proved particularly significant. Lake Michigan and the Illinois-Mississippi River system provided, at a time when water transportation was the chief means of reaching the interior, the easiest route to the heartland of America and to the west and south. The lower end of Lake Michigan was the most northerly point where traffic from the east and west could bypass the Great Lakes water barrier. Chicago, located at the juncture of the Great Lakes-Illinois-Mississippi River system and at the foot of Lake Michigan, was destined to become successively the central point of its inland waterway, highway, rail, motor carrier and airline networks.

A few hundred miles south is the centre of population of the United States and an equal distance west is the geographic centre. The population of the Chicago metropolitan area has now reached $5\frac{1}{2}$ million; ten million people altogether live within a 159-mile radius and fifty million within a 500-mile radius. In eight of the eleven decades since Chicago was incorporated, its population has increased by more than 100 thousand and in five of them the increase was over half a million.

In the past ten years, more than \$2 $\frac{1}{2}$ billion has been invested in manufacturing facilities in the Chicago industrial area and industrial capacity has increased by an estimated 50 per cent in the last ten years. Industry is well diversified and Chicago leads the eleven other industrial areas of the United States in the field of metal products, electrical and non-electrical machinery, packing-house products, telephone equipment, radio and television sets, confectionery, housewares and railroad equipment. Industrial production in the area represents about 7·5 per cent

of the U.S. total and in 1953 amounted to \$18.3 billion. This compares with just over \$4 billion in 1939. Chicago this year supplanted Pittsburg as the leading steel-producing centre of the nation; production for 1953 is estimated at 20,650,000 tons.

Of great importance to Canadian exporters is Chicago's enormous wholesale trade. This is the logical outgrowth of its location at the nation's crossroads and the trading area encompasses the entire Middle West. Chicago wholesalers did 7.3 per cent of the U.S. wholesale volume in 1939 and 7.7 per cent in 1950.

Transportation Services

The city's many commercial enterprises are exceptionally well served by transport facilities. There are 19 trunk line railroads coming into Chicago which is, in fact, the world's busiest railroad centre, handling more freight traffic than New York and St. Louis combined. The famous "Way-to-Ship" package car service—a scientific method of routing less-than-carload lots of merchandise—daily serves 1,500 communities without a transfer and 60,000 with only one transfer.

In air transport, Chicago is also out in front, with ten airlines, including Trans-Canada, landing here, plus five feeder passenger lines and numerous non-scheduled lines.

The city also rates a first in motor carrier service which is more extensive than in any other metropolis, providing normally scheduled daily transportation to 24,000 communities. Included in this motor carrier system are more than 450 common-carrier companies, a large number of contract carriers, and numerous privately-owned fleets.

Market for Canadian Goods

This industrialized and prosperous area is a vitally important market for Canadian raw and semi-manufactured materials and foodstuffs. Lumber, plywood, newsprint, grain, base metals, and fish (both fresh and salt-water) have long been shipped to Chicago, although in most cases their identity as Canadian exports is lost before they reach the consumer. To illustrate the size of the market, it is estimated that Canadians are selling lumber and plywood here to the value of \$25 million a year and that Canadian mills are supplying one million dollars worth of newsprint a week to Chicago newspapers.

When it comes to manufactured consumer goods, however, our share of this market is small though the opportunities are great. Chicago has several of the world's largest department stores and is also the headquarters for the most important American mail order houses, one of which is currently importing more than a million dollars worth of Canadian goods every year. This, however, is the exception rather than the rule and the average Chicago store has few if any Canadian goods on display. Like New York, Chicago has its large organizations which provide a buying service for stores in smaller centres.

There are excellent sales possibilities in Chicago for high-fashion apparel, custom-made shoes, sporting goods, specialty foodstuffs, and novelties of all kinds, products which Canadian firms are now selling in the Eastern States. British and European goods in these categories are finding an excellent market here, the importance of which is borne out by

the large commercial staffs maintained by the Chicago consulates of the Western European nations. Salesmen from European houses visit Chicago frequently but Canadian salesmen are rarely seen. An important buyer from a world-famous department store commented on this fact recently and mentioned that, of the forty to fifty foreign salesmen who had called on him in the last six months, not one was a Canadian.

All this suggests that exporters who are already doing business in the Eastern States and firms making consumer goods which think they can compete successfully in the U.S. market should send salesmen to Chicago with samples. The Canadian Consulate General can arrange appointments in advance and the salesmen are assured a good reception by local buyers. A number of large organizations have already indicated that they are interested in seeing samples of Canadian merchandise.

—ROBERT GORDON

Vice-Consul of Canada and Trade Commissioner

South Africa Markets Pilchards

CAPE TOWN—South Africa is profiting from an active market for pilchards in the United States and elsewhere, thanks to the complete halt in Californian production and despite continuing competition from Japan and the State of Maine. California used to produce and sell five million cases of pilchards a year, so the sale of the present South African output of one and a half million cases and the contemplated production of two million cases a year should present no difficulties.

There have been temporary setbacks in some markets, as in Britain, where the Minister of Food has returned the trade to private hands, and the demand there has switched from one lb. to $\frac{1}{2}$ lb. packs. But these setbacks appear to be temporary. Profits reported by the fishing companies certainly show no sign of diminishing. There have been complaints about the prices which the companies have to pay for tinplate which, the argument runs, are higher than they should be if prices for South African pilchards are to be really competitive.

Dr. Marchand, South Africa's Director of Fisheries, has denied that talk of the pilchard fisheries declining has a basis in fact. He said that the present measures—a four-months close season from September to December, limitation of the fishmeal factories, limitation of the number of boats allowed to operate, and the institution of a target production of 250 thousand tons—have proved successful. Another restriction which will soon come into force is the limiting of the number of cannerys. Research shows that there has been no diminution of stocks and the slight decrease in the last season's catch stemmed from the natural fluctuation of the fish schools, which this year were inclined to lie farther south.

Total catches in the last three calendar years were: 1951—220,902 tons; 1952—300,560 tons; 1953—244,127 tons. However, if only the total catch of the open season now allowed is calculated, the revised figures for 1951 of 191,115 tons, for 1952 of 256,532 tons, and for 1953 of the same 244,127 tons, show only a normal fluctuation in this year's catch.



Commodity Notes

BRAZIL

Coffee—The Brazilian Coffee Institute estimates that the Paulista coffee crop for 1953-54 will be 6,060,000 bags of 60 kilos. This compares with the São Paulo production of 7,186,000 bags in the crop year 1952-53. Some of the fall-off in production is the result of severe frosts which damaged the coffee trees in many areas of the State in early July 1953—São Paulo, Jan. 7.

Tires—On December 23, Dunlop do Brasil produced its first tire in its new plant at Campinas, near the city of São Paulo. This plant, located on a land area of about 800 thousand square metres, is using domestic raw materials entirely. The new plant contains the most modern machinery for tire production—São Paulo, Jan. 7.

CHILE

Copper—The Anaconda and Kennecott Copper companies have been ordered, under a government decree dated November 26, 1953, to hold the copper they produce between November 8, 1953, and February 9, 1954, inclusive, entirely at the disposal of the Central Bank of Chile—Santiago, Jan. 8.

FINLAND

Dry Milk—The first Finnish factory producing powdered milk recently went into operation at Somero. It has a capacity of 3,500 litres of skim milk an hour, giving 300 kilograms of dry milk. The factory works in three shifts and in 24 hours can convert 70,000 litres of skim milk into milk powder. The machinery used has been imported from Denmark and Germany—Stockholm, Jan. 9.

GRENADA

Spices—The Co-operative Nutmeg Association reports that sales during 1952-53 of nutmeg and mace increased more than 50 per cent over the previous year. However, prices were weak; the New York market is dull, but recent strength is reported from Canada and Europe—Port-of-Spain, Jan. 4.

INDIA

Cotton—According to the Ministry of Food and Agriculture, the All-India Second Estimate of Cotton Production, 1953-54, puts the area under cotton in 1953 at 12,956,000 acres, as compared with 12,174,000 acres in 1952, an increase of 782 thousand acres or 6.4 per cent. The increase in acreage over last year, reported by almost all the cotton-

growing states, has been shared mainly by Madhya Pradesh, Hyderabad, Madhya Bharat, Bombay, Pepsu and Mysore, and is the result of adequate rainfall at sowing time. The increase in area is largest among the long-staple cottons.

The estimate covers the period up to September only, and does not include the total area sown to cotton during 1953-54. Past experience shows that the area at the Second Estimate forms roughly 75 per cent of the area finally reported—New Delhi, Jan. 5.

ITALY

Mercury—Mercury production in Italy now amounts to approximately 2,000 tons a year; 80 per cent is exported and the remainder meets domestic needs. After the loss of the Istrian mines at Idria in 1945 and the war destruction in the Amiata district, Italy has again risen to first place in world production of this mineral. The Mount Amiata mines could yield larger quantities if the demand for mercury increased—Rome, Jan. 11.

JAPAN

Lumber—Japan urgently requires over three million housing units, it is estimated, to ease the housing shortage. Existing houses require replacement at the rate of 300 thousand units a year. Currently, only about 270 thousand houses are completed a year, so the shortage is expected to grow worse. An average Japanese two- or three-room house requires 6,000 to 6,500 board feet of lumber, and therefore the Japanese demand for lumber will continue—Tokyo, Jan. 2.

NORTHERN RHODESIA

Uranium—The Acting Commissioner for Labour and Mines in Northern Rhodesia has announced that exploratory work on the uranium discovery at the Mindola mine, Nkana, is being undertaken at a pilot test plant there in an effort to develop a satisfactory flotation process. This development, he said, was being carried on in close touch with the Atomic Energy Research Station at Harwell in Britain—Cape Town, Jan. 6.

PORTUGAL

Motor Vehicles—Official figures recently released show that 5,482 passenger cars were registered in Portugal during January-September 1953. Of this number, 2,277 were of German manufacture, 1,454 British, 616 French, 534 American and 479 Italian. Germany is the leading supplier of passenger motor vehicles in a market which has been predominately British for many years. For September alone, the figures were: 335 German (including 140 Opels and 145 Volkswagens), compared with 190 British, 56 Italian (Fiats), 53 American and 48 French. Of the 2,326 commercial vehicles registered for the period January 1-September 30, 1953, 1,332 were British, 666 German and 241 French.

The demand for cars in Portugal is increasing rapidly, but because of low purchasing power and the high cost of gasoline (approximately 70 cents per American gallon), the small economic type is the most popular—Lisbon, Jan. 7.

Colombia's Caribbean Country

The 468-mile long Caribbean coastline, plus the hinterland, forms a distinct economic region with problems and possibilities of its own.

BOGOTA—The tropical flatlands of the Caribbean littoral form one of the four great economic divisions of Colombia (see "Geography Plays a Part", Nov. 14, 1953, issue of *Foreign Trade*). The territory consists not only of the lands fronting on the 468-mile-long Caribbean coastline, but on certain hinterlands tied, for economic reasons, to the coastal business centres. The population of this section is estimated at 2½ million out of a total of 12 million for the whole Republic.

Leading Cities

The leading business centres are the ports of Cartagena, Barranquilla and Santa Marta. Barranquilla stands head and shoulders above its rivals in both size and importance and is the undisputed business capital of the region. Its population is a little over 300 thousand. It is Colombia's second port, with shipping lines from Europe, Canada and the United States maintaining regular sailings to it. Its "Soledad" airport is on international as well as domestic air routes. Its factories turn out a diverse range of goods including foodstuffs, textiles, cement, lumber and forest products. There is also a shipyard and the workshop for the largest domestic airline. Many foreign firms exporting to Colombia find it necessary to appoint representatives on an area basis. Barranquilla, because of its size and importance in the country in general and the Coastal area in particular, is a logical place to have one of these representatives.

Practically all the coastal area, including Barranquilla, is tropical. The yearly average temperature in Barranquilla, for example, is 82·8 degrees F., in contrast to 57·6 degrees F. for Bogotá. (Toronto, 43 degrees F.) This factor has had a distinct bearing on living and business conditions in the coastal belt, as well as on personal tastes and market demand.

The People

The inhabitants of the coast, "Costeños", are a mixed group and a large percentage are coloured. The Costeño is in many respects more akin to the peoples of Cuba, Panama, and the Maracaibo district of Venezuela than to his compatriots of the interior. Because of his heritage, the climate and other environmental factors, the Costeño is a true child of the tropics; he tends to be light-hearted and gay with a well-developed sense of colour and a love of the rhythmic music of the tropical Caribbean. In some ways, he seems more receptive to foreigners and foreign ideas than the people of the interior, presumably because of his mixed ancestry and his proximity to the sea.



—Standard Oil Co. (N.J.)

The Magdalena River has provided the great historic route from the Caribbean into the interior, but rapids and other impediments to navigation limit its usefulness. Here a boat inches up the treacherous rapids.

Agriculture is the chief industry. Such hot-climate crops as cotton, tobacco, rice, maize (corn), sugar cane and bananas are grown. Cattle raising is very important and herds of heat-resisting Cebu cattle are to be seen grazing on the open land. In many districts the soil is poor and living standards low. Other areas, such as the Valley of the Sinú River, have rich agricultural lands, although tropical diseases are said to be rampant.

Manufacturing is the second industry and is largely centred in Barranquilla and, to a lesser extent, Cartagena. There is a sizable output of consumer goods, including foodstuffs and textiles; some lines are marketed nationally and others only on the Coast. There are no exports of any account. Fresh and salt water fisheries serve the needs of the indigenous population. In the forests of the hinterland, as well as in the mangrove swamps by the sea, a sizable output of lumber and other forest products finds its way to Barranquilla's mills to be processed. Oil is the leading mineral; it is found in quantity some distance from the Coast and transported there by pipeline.

Transportation a Problem

As with all the economic regions of Colombia, the movement of people and goods constitutes a real problem. Fortunately the sea has provided an avenue for both foreign and coastal commerce. Inland transportation is limited. There are few railways and they serve only their immediate locality. Highway building is not far advanced, although

a paved road links Barranquilla with Cartagena and a trucking road has recently been pushed through to the city of Medellín in the western interior. The relatively level country of the Coast, in contrast to the mountainous nature of most of settled Colombia, should permit a ready expansion in the region's highway system. The Magdalena River has provided the great historic and present-day surface route to the interior, although navigation is restricted to extremely shallow-draft vessels and may be limited in periods of low water. Largely because of the difficulty in reaching the interior (except by plane) the Coast has developed as a distinct economic area.

Economic Problems

The coastal belt has, in common with the other areas of Colombia, the standard economic problems such as transportation, uneven distribution of wealth, and low living standards of the masses. However, the region also faces economic problems peculiar to it alone. Long the "Front Door" of Colombia because of the Magdalena River route to the interior, the Coast now finds the port of Barranquilla and the Magdalena route bypassed in favour of the Pacific port of Buenaventura and the trucking route to Bogotá over the 14,000 ft. Quindio Pass. Furthermore, in common with most countries, the National Government has interested itself in business and economic controls and this has tended to concentrate more economic power in the national capital, Bogotá. The silt-laden Magdalena continually threatens to close the Boca de Cenizas—the mouth of the river and entrance to the port of Barranquilla—with sand bars and a shifting channel. Engineers have pitted their skill against the elements and have succeeded with difficulty in maintaining a channel. However, the draft of the ocean vessels entering the harbour has to be restricted and this factor plays into the hands of the rival port of Buenaventura. Unfortunately too, Cartagena's fine harbour is not used to capacity because of the limited hinterland and difficulty of access to the interior.

Economic Prospects

These adverse factors have limited the growth of the Coastal area and have encouraged the development and expansion of other economic regions of the country. Whether the coast can overcome these problems and make use of inherent advantages depends on a number of factors, particularly the economic proposals and developments included below.

In the field of transportation, the construction of the Magdalena railroad, which is designed to bypass the shallow, dangerous reaches of the river, should overcome one of the greatest limitations of that route. The building of trunk highways to the interior should also lessen the advantages of the Buenaventura-Cali-Bogotá route. Because of its proximity to the sea, the coastal area enjoys many transportation advantages over other areas of the Republic. Deep sea ships, for example, sail from East Coast Canadian ports directly to Barranquilla and there are none of the trans-shipping problems which are so vital when doing business with Colombia's great interior centres.

In agriculture, foreign observers believe that with the improvement in transportation facilities and the inauguration of irrigation works the coastal region, particularly in the valleys of the Sinú and Magdalena

Rivers, could greatly expand and improve agricultural output. It has been reported that this area could become an important world producer of cotton and rice. Though these crops are grown now, production measured in both quality and quantity is nowhere near the potential.

There are also encouraging prospects for industry, especially in the Barranquilla and Cartagena areas. Barranquilla is well served for electric power by a United States-owned company. It is not only the best lighted city in the Republic, but blocks of power are available for industrial use and plans are afoot to step up the output. Oil as an industrial fuel is close at hand. Two pipelines from the interior carry it to the ports of Mamonal near Cartagena and Coveñas located some 80 miles farther above the coast. Refined products are imported from the nearby Netherlands' West Indies. However, a Canadian subsidiary of a great U.S. oil firm is proposing to build a US\$40 million refinery at Cartagena to serve coastal and other markets.

Health Conditions Improved

With the assistance of modern science and engineering, the health conditions, particularly in the larger centres, have improved considerably and Europeans have been able to settle there. This in turn has encouraged the introduction of modern business techniques and other improvements. Local agricultural production is not satisfactory, however, and large quantities of fruits, vegetables and better quality meats must be imported from the cooler highland regions. As a result, the rank and file suffer from dietary deficiencies. These may be overcome by new techniques and methods of production.

It is not difficult to see that the coastal region of Colombia enjoys many natural economic advantages and faces many perplexing economic problems. How the peoples of the region meet and solve their problems and capitalize on their undoubted advantages will depend on whether or not the region keeps in step with the rapid economic advance of the nation as a whole.

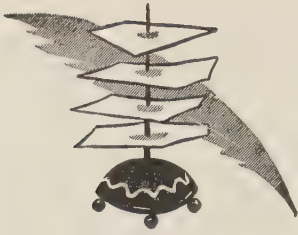
—J. E. LANCASTER

Assistant Commercial Secretary for Canada

For Your Information . . .

The Directories listed were last published in these issues:

- Foreign Trade Service Abroad.....January 2*
- Head Office Directory.....October 10*
- Area Breakdown, Foreign Trade Service.....September 19*
- Foreign Commercial Representatives in Canada....August 8*



General Notes

AUSTRALIA

Record Investment in Industry—The Minister for National Development has stated that investment in new industrial development announced by the Australian manufacturing industry in 1951-52 had a record value of £A122,849,000 and involved 1,106 projects. Projects with which overseas enterprises were closely linked accounted for £A73,733,000, or about 60 per cent of the total proposed investment. They number 81, or 7·3 per cent of the total projects.

The largest investment for any one type of industry was £A38 million in seven projects announced by oil companies, mostly for refinery construction. Projects for the production and rolling of metals, mostly steel, accounted for £A27·7 million. Engineering, including the automotive industry, contributed £A19·2 million in 326 projects, chemicals and pharmaceuticals £A6·8 in 37 projects, and food processing £A9·3 million in 115 projects.

The figures for 1951-52 bring the total investment in major known industrial developments since 1945 to £A402·7 million, of which £A171·3 million represents 622 projects partly or wholly owned by overseas interests. Purely Australian companies have launched 7,181 projects involving an investment of £A231·4 million—Melbourne, Jan. 4.

BARBADOS

Fishing Industry—Size of the fishing industry's catch has been rising sharply for three years in Barbados. In the first half of 1953 it reached 15 million pounds valued at BWI\$2·3 million. The increase is attributed to the use of gill nets in catching flying fish. The industry is pressing for more deepfreeze storage at fish markets—Port-of-Spain, Jan. 5.

BRAZIL

Expansion at Volta Redonda—A 21-unit coke oven went into operation recently at Volta Redonda, increasing coke production 38 per cent. The output from the new oven will supply the second blast furnace which is being installed—Rio de Janeiro, Jan. 7.

German Steel Group to Install Plant—A contract has been signed with a German steel group to install a steel mill at Vitoria, State of Espirito Santo. Production is scheduled to begin in 1955 and initial output is estimated at 55,000 tons of finished steel products a year—Rio de Janeiro, Jan. 7.

DENMARK

Industrial Production—Denmark's monthly industrial production index reached its highest postwar peak in September 1953, 121 as compared with 114 in September 1952 (1949=100). For the nine months January-September 1953, the industrial production index increased to 110 as compared with 107 for the same period in 1952. In the case of consumer goods, the production index increased from 102 to 107 during the nine months; the index for producer goods remained unchanged at 113. As compared with September 1952, production of the following industrial products increased: food products; textiles; wood products; paper, printing and allied products; chemical products, stone, clay and glass products; iron and metals, and products of miscellaneous manufacturing industries—Oslo, Jan. 9.

GREECE

Canadian Aid—The first shipment of the Canadian Government's half million dollar aid to the earthquake stricken population of three Ionian Islands arrived in the Port of Piraeus on December 7th. The cargo of over 1,000 long tons consisted of 6,933 barrels of codfish, Labrador ordinary cure, and 250 tons of evaporated milk. Other supplies being sent later include aluminum building sheets and pressed pulp building board. The ship was met in Piraeus by the Canadian Ambassador accompanied by the Commercial Secretary and by Greek Government and municipal officials, who expressed deep gratitude to the Canadian people for their gift—Athens, Jan. 5.

LEEWARD & WINDWARD ISLANDS

Flour Purchasing—Most of the small islands are considering a change in methods of bulk purchase of flour. Rather than ordering through the office of the Trade Commissioner for the British West Indies, British Guiana and British Honduras in Montreal, the various colonies may call for tenders from local commission agents. Already Antigua, St. Vincent and St. Kitts have announced the change, effective January 1—Port-of-Spain, Jan. 4.

NETHERLANDS

Horticultural Trade with France—The new Netherlands-France trade agreement is not expected to result in an increase in horticultural trade. Under it, Holland will export 33,000 tons of seed potatoes, and possibly more if domestic requirements in France exceed expectations. The export quota for apples is 4,200 tons and for fruit pulp 15 million francs. Dutch exports to North Africa under the agreement include the following: Algeria and Tunis, 5,500 tons of seed potatoes; Morocco, 1,000 tons of seed potatoes. In addition Holland will export half a million francs worth of vegetables and fifty tons of apples and pears to Algeria and Tunis, and one million francs worth of vegetables and fifty tons of apples and pears to Morocco.

French exports under the agreement include 15 million francs worth of early potatoes, citrus fruits, vegetables, almonds, nuts and cauliflower—The Hague, Jan. 12.

SWEDEN

Exports to the Dollar Area—Swedish dollar exports have improved. From January to August 1953, they amounted to 506 million kronor, as compared with 423 million for the same period in 1952—an increase of 83 million kronor. This increase was mainly in exports to the United States which have risen by 66 million kronor to 352 million. Exports to Canada have increased by six million to 33 million kronor. The improvement is principally the result of increased pulp deliveries to North America, the traditional backbone of Sweden's dollar-paid exports. After reaching the low level of 200 thousand tons during 1951 and 1952, it was estimated that deliveries would amount to at least 300 thousand tons in 1953.

At the same time, imports from the dollar area have decreased because of strict government import controls. During the first eight months of 1953, purchases from the dollar area decreased to 644 million kronor from 826 million kronor in 1952. Of this amount, 150 million were spent in the United States. Sweden has cut down her imports of U.S. cotton, coal, mineral oil, iron and steel; all these products have become more easily obtainable from soft currency sources. On the other hand, imports from the dollar area would in certain cases have been more advantageous in price—Stockholm, Jan. 6.

UNITED KINGDOM

Gold and Dollar Reserves Down—The United Kingdom Treasury has announced that the gold and dollar reserves of the sterling area were reduced by \$43 million in December. After this reduction, the reserves at December 31st stood at \$2,518 million, compared with \$1,846 million at the beginning of 1953.

This loss was entirely caused by the annual repayments on the Canadian and United States postwar loans, which amounted to \$181 million. During December, the U.K. received \$20 million from the United States as defence aid, and \$4 million from the European Payments Union on account of the November surplus with that organization—London, Jan. 13.

UNITED STATES

Textile Mills Modernized—In the postwar years from 1946 to 1951, 58 cotton and synthetic mills in New England have spent almost \$100 million on new and modernized buildings, machinery and equipment. This amounts to an average investment of \$1.7 million per mill and \$2,500 per worker—Boston, Jan. 16.

Electronic Industry Expands—According to a joint survey by the Federal Reserve Bank of Boston and the Boston Chamber of Commerce, 77 electronics companies plan to spend some \$23 million on expansion involving the addition of two million square feet of floor space. This expansion will also create 7,800 new jobs in the area. Within the past two years employment in 142 of New England's electronics factories has risen from 38,000 to 58,000, a gain of 53 per cent—Boston, Jan. 16.

Saint John: the Loyalist Port

Built up first on the trade in lumber, Saint John has increased its services to shippers with the passing years and continues to progress.

SAINT JOHN, NEW BRUNSWICK, is situated on the north shore of the Bay of Fundy, only a few miles from the open Atlantic, yet close to the productive regions of eastern Canada. This geographic location, plus a large, well-sheltered harbour open the year round and approached by a wide main channel, has given the port an important place in Canada's transportation system.

"Loyalists, my fathers, buildded this gray port of the gray sea"—so a famous Canadian poet once saluted the city. Before the American Revolution it was only a small trading post but when thousands of the Loyalists settled there in 1783, it took on new life. The settlers found their first few years in Canada exacting and difficult ones. Their goods were landed on the beaches; few houses of any kind awaited them; food was difficult to secure and the climate often harsh. But they survived privation and hardship to build a city—the first incorporated city in North America—and to lay the foundations for today's thriving port.

In the next hundred years both Saint John itself and the flow of commerce through the port grew steadily. It was the time of the rise and development of New Brunswick's lumber industry and the brisk overseas demand for lumber and other wood products brought boom years to the port. These were the days too of the clipper ships which sailed across the seven seas. Saint John shipyards built many of these clippers and the port once ranked as the world's fourth largest builder of wooden ships.

NHB Facilities

The clippers have long since gone but Saint John welcomes and services the steamships of today with equal efficiency. Among the main facilities at the port are the National Harbours Board Terminals on the east and west sides of the main harbour. The 20 ocean berths have limiting draughts ranging from 25 to 35 feet at extreme low water and the 17 transit sheds an aggregate floor space of 870 thousand square feet.

On the west side of the harbour, commonly referred to as West Saint John, are 14 modern transit sheds made of steel and concrete, fireproof and equipped with grain-loading galleries. Included are three heated frostproof sheds used principally for shipping the well-known New Brunswick and Prince Edward Island potatoes. They can also be used for other perishables arriving at or being shipped from Saint John. The west side of the harbour also has several shed annexes and two shallower berths.

On the east side is Pugsley Terminal, a modern concrete pier almost 900 feet long, where two of the largest cargo liners afloat can tie up alongside at the same time. The present terminal has a large fireproof cargo shed of more than 100 thousand square feet of floor space, with grain conveyor and loading galleries.



—Climo

This aerial photograph of Saint John Harbour, taken in the month of April, shows over twenty ocean vessels in port.

Together with National Harbours Board facilities, there are a number of privately owned and operated berths, docks, slips and sheds for the handling of sugar, pulp, sulphur and fuel oil, coal and the coastal trade. These vary in size from the Atlantic Sugar Refineries docks to smaller slips and docks to accommodate schooners and vessels in the coastal, Newfoundland and British West Indies trade.

Saint John is, of course, a grain loading port; in 1952 it shipped some 450 thousand tons to overseas countries. Three elevators, with a combined storage capacity of three million bushels, ensure efficient loading of grain ships. Two of these, the National Harbours Board and Canadian Pacific Railway elevators, are in West Saint John and the Canadian National Railway elevator is on the east side on Pugsley Terminal. Two of them can load to vessels 60 thousand bushels an hour. The third cannot match this speed, but all grain-loading ships are assured of a fast turnaround.

Other Services

Heavy lift equipment is found throughout the port, including a floating crane with a maximum capacity of 65 tons. Its oil tankers have an aggregate storage capacity of 17 million gallons. The whole port is served by a harbour railway of some 60 miles trackage, operated by the CNR on the east side of the harbour and by the CPR on the west. There are complete facilities for steel shipbuilding, for the making of castings or forgings, and for general repairs to ships and marine machinery. Saint

John has one of the largest drydocks in the world—1,150 feet long, 146 feet high and 53 feet deep, with 42 feet over the sill at high water—and another semi-tidal drydock 440 feet long, constructed during the last war.

Growth of a Port

In the early days, most of the trade passing through Saint John was coastal or came down the St. John River. The opening of roads into the hinterland of New Brunswick helped to broaden the area served by the port. But it was the coming of the railways that gave the greatest impetus to trade through Saint John. Railroad construction began as early as 1860, but it was some years before the port was linked by rail with Quebec and Ontario. Today the lines of Canada's two railway systems join Saint John to the whole country. Nowadays trucking and, more recently, air transport provide a further link in the chain of inland transport services joining the industrial and agricultural regions of Canada to shipside in Saint John harbour.

Pattern of Trade

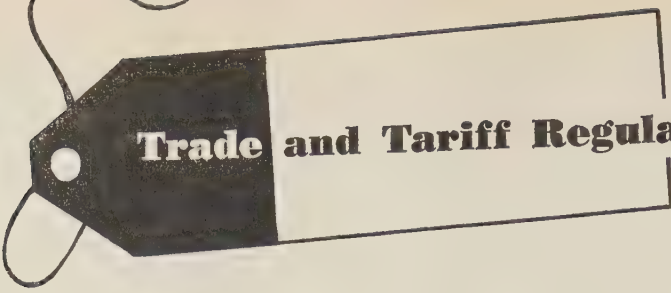
This development of transport has brought changes in the pattern of trade. Where once only the products of the surrounding Maritime Provinces moved over the docks, now comes grain from the Prairies; lumber and wood products from the forest areas of Ontario, Quebec and New Brunswick; tobacco from Ontario; steel, iron and aluminum goods from Canada's expanding industry; potatoes from the Maritimes, and so on. Petroleum and gasoline come in from Latin America, glass and other manufactures from the United Kingdom and the Continent, sugar from the West Indies, spices and tea from the Far East. Port statistics reveal countless other cargoes. Each is given careful attention and sped on its way by experienced Saint John shipping folk, raised in the tradition of a port serving international trade.

Progress Continues

Many changes have taken place on the waterfront since Saint John was a mere trading post and a haven for the Loyalists. In 1952 approximately 700 deep-sea vessels of nearly two million net registered tons discharged almost a million tons of cargo from abroad and loaded 1.75 million tons of goods for export. To meet this expanding trade, great concrete piers have been built and modern cargo-handling equipment installed. Progress and development continues. Pugsley Terminal is currently being doubled in length to provide additional transit shed space for Canadian shippers and berths for the greater number of ships which today call at the Loyalist port.

—H. A. HADSKIS

Transportation and Communications Section



Trade and Tariff Regulations

CUBA

New Trade Agreement with U.K.—A new trade agreement signed by the United Kingdom and Cuba became effective on January 1, 1954, and will remain in force until December 31, 1956. This agreement provides for the maintenance of the reductions in the most-favoured-nation rates of duty on many products to the level enjoyed by similar United States products under the preferential treatment granted by Cuba to the United States. Included in the new agreement are all the products which benefited from the reduced rates of the 1951 Anglo-Cuban Agreement terminated on December 31, 1953. In addition, there are three new products in the agreement, codfish, agricultural machinery and apparatus and instruments, and knitting machine needles, which are GATT concessions by Cuba to Canada. All of these reduced rates will be extended to similar Canadian products under most-favoured-nation treatment.

Under the new agreement, the United Kingdom has agreed to maintain the relative position of Cuba in the United Kingdom sugar market as compared with other non-Commonwealth suppliers as based on the 1948-52 imports of sugar. The United Kingdom also has undertaken to authorize the import of \$2.75 million worth of Havana cigars over the three years 1954-56.

A complete list of the products included in the agreement is available from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

BRAZIL

Foreign Trade Controls—Law 2145 of December 29, 1953, effective immediately, extended controls on Brazil's export and import trade until January 31, 1955. The Foreign Trade Bureau (Carteira de Comercio Exterior) has been created to replace the previous Export Import Bureau, and has some functions of inspection and financing that the old Bureau did not have. The system of public auction of foreign exchange for imports continue. Penalties are provided for importation without licence or on fraudulent declaration, and travellers' baggage is more closely defined. Further details may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa—Rio de Janeiro, Dec. 30.

INDONESIA

Dollar Export Certificates Abolished—Effective January 1, the Indonesian regulations granting dollar export certificates for transactions in Canadian and United States dollars, as well as United States dollars in Japan, have been withdrawn.

These regulations, which have been in force since February 3, 1952, provided that Indonesian exporters to dollar countries received dollar certificates amounting to 70 per cent of their export earnings. These certificates could be sold to importers since certificates were required to the full amount of all dollar imports. The certificates have recently been quoted at 183 cents Canadian as against the basic exchange rate of the rupiah at 8.555 cents.

ITALY

Customs Tariff Revised—Various revisions have recently been made in the Italian system of temporarily reduced customs duties. Among these, duties on livestock and horses for slaughter have been increased from 11 to 16 per cent, and on fresh and frozen meats and edible entrails from 11 to 18 per cent. These increases are to expire not later than July 31. Further, the temporary duty on olive oil was increased from 11 to 20 per cent. In spite of the increases, the new temporary duties are still lower than the normal rates provided in the tariff.

In addition, all temporary reductions at present in force have been extended until July 14, 1954—Rome, Dec. 29.

NORTHERN RHODESIA

Dollar Allocations—The import control authorities of Northern Rhodesia have announced that the dollar import allocations for the first half of 1954 are as follows: hog casings, £5,000; dried milk, £42,000; milk-based infant foods, £5,500; tractors, £61,450; agricultural machinery, £18,840; earth-moving machinery, £25,600; other machinery, £11,100; adding, calculating and other office machinery and spares, £1,250; machinery and tractor spares, £142,850; special hand tools and precision tools, £6,000; medical requirements, £3,125; stereoscopic films (for educational purposes), £500.

Items placed on the "Unrestricted List" include the following: sausage casings; cotton and other yarns and flocks for blanket manufacture; tapestry and ticking for furniture manufacture; all yarns (other than cotton) for industry; aircraft spares, motor vehicle spares, garage workshop equipment and specialized tools, agricultural machinery spares (but not including tires); glass, plate, sheet and mirror; school slates and slate pencils; fertilizers; wallboard and hardboard; cork manufactures (excluding cork tiles and flooring). Importers applying for licences to import any of these goods need not be in possession of an allocation of currency, either dollar or non-dollar non-sterling. Applications for import licences should be made by the importer direct to the Controller of Imports and Exports, Lusaka.

SOUTHERN RHODESIA

Import Controls Relaxed—Relaxation of import controls on a certain range of goods from dollar and other non-sterling countries for the first half of 1954 was announced recently by the Southern Rhodesian Government.

Although import of the following goods has been removed from quota restrictions, they will still be subject to import licences which will be issued automatically: ball and roller bearings; spares for mining, agricultural, and industrial machinery; aluminium ingot; abrasives, excluding emery papers; wallboard and hardboard; empty boxes and shooks; empty barrels and casks; unmanufactured rubber and synthetic rubber; garage workshop equipment; all yarns (other than cotton) for industry. Other commodities exempted from control include olive oil, glue, flocks for blanket manufacture, earths and clays, marble, rough sawn, and cork manufactures (excluding cork tiles and flooring).

The following goods, which were removed from quota control during the second half of 1953, continue to require import licences which are automatically issued: dried fish, sausage casings, molasses for industrial use, plants, trees, bulbs, seeds for planting, raw chicory, raw coffee, salt in bulk, spices for mills and distilleries.

Brandy stock for blending and spirituous perfume compounds for industry.

Cotton and other yarns for blanket manufacture, fibres for brush-making, tapestry and ticking for furniture manufactures.

Aircraft spares, motor cycle and cycle spares, motor vehicle spares, graphite electrodes, knitting machine needles for industry, lead, mercury, zinc.

Industrial diamonds; glass, plate, sheet and mirror; school slates and pencils.

Carbon black, flotation reagents, lux perfume, paraffin and other waxes for industry, pigments for paint manufacturers, petroleum products (miscellaneous), oils (lubrication), oils for industry—animal, vegetable and mineral, rosin, tallow and turpentine and substitutes.

Acids for industry, borax, chemicals for paint manufacture, chemicals for insecticide manufacture, cyanide (aerobrand), cinchona alkaloids for further processing, dyes, fertilizers, fertilizer borate, gases for industry, polystyrene moulding powders, solvents for industry, potassium and sodium compounds for industry.

Unmanufactured timber, wood pulp and waste paper.

Paper for converters, books, printed music, newspapers and periodicals, newsprint and printing paper.

Dental, optical and surgical instruments, and battery cases and separators.

The Southern Rhodesian Government has granted allocations to dollar countries for the importation, during the first half of 1954, of the products listed below. For comparison, allocations are given for the previous six months' period.

	Currency Allocations	
	July-Dec. 1953	Jan.-June 1954
	£	£
Dried milk	2,000	2,500
Infants foods	3,500	3,500
Wheat	25,000	80,000
Aluminium ingot	1,000	*
Oil companies pump and depot maintenance	3,000	5,000
Agricultural machinery and spares	295,000	†100,000
Mining and industrial machinery	237,500	175,000
Steel	139,635	9,000

	Currency Allocations	
	July-Dec. 1953	Jan.-June 1954
	£	£
Tools	20,000	30,000
Electrical goods and spares	10,000	10,000
Commercial motor vehicles	175,000	275,000
Lighting manufactures	8,500	8,500
Radio manufactures	3,000	3,000
Venetian blind hardware	1,500	1,500
Asphalt and bitumen	5,000	5,000
Minerals and earthenware	1,500	1,000
Drugs and chemicals	17,500	12,500
Insecticides	7,000	10,000
Tires and tubes	4,500	4,500
Synthetic rubber	2,000	*
Plywood	3,750	17,000
Bitumastic roofing felt	2,000	‡
Office equipment	40,000	40,000
Pictorial seed packets	1,000	1,000
Wrapping paper (defined) and printers requirements	10,000	10,000
Board	1,000	1,000
Sea fishing reels	1,000	1,000
Commercial cinema spares	1,500	2,500
Photographic equipment, special	600	2,000
Precision instruments	‡	1,500
Government departments and railways	319,000	300,000

* On unrestricted list.

† Spares on unrestricted list.

‡ No allocation.

It will be noted from the above table that allocations have been increased for imports of wheat, dried milk, tools, commercial vehicles, insecticides, plywood and photographic equipment. Reductions have been made for certain goods, chiefly mining and industrial machinery, steel and drugs and chemicals.

UNITED KINGDOM

Egg Imports Decontrolled—The trade in imported eggs from sterling countries reverted to private firms on January 1, 1954. When decontrol of home produced eggs came into effect in March 1953, the Minister of Food announced that he would retain sole responsibility for imported supplies for the time being. The Ministry's contracts with Australia and South Africa expired at the end of 1953, together with the contract with the Irish Republic. Since that date, all imports of eggs from sterling area countries have been admitted under Open General Licence.

Imports from non-sterling countries will be handed back to private firms on April 1, 1954. The Ministry's contract with Denmark, which would otherwise run till next September, will end on April 1st, subject to mutual agreement. Because of the balance of payments difficulties, supplies from Western European and certain other non-dollar countries will, at first, be under Open Individual Licence. The Ministry states that it is unlikely that there will be any significant increase in the quantities offered to the United Kingdom during 1954. For the first eleven months of 1953, imports totalled 118·5 million dozen, compared with 106·4 million in 1952. The increased supplies came mainly from Denmark, Poland and Eire.

Since home produced supplies were decontrolled, an interim Marketing scheme has been operated by the National Egg Marketing Organization which advises the Ministry. Long-term marketing arrangements are still being worked out in discussions between the Government, the producers and other interests—London, Jan. 8.

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.02761.

Country	Unit	Type of Exchange	Canadian dollar equiv. Jan. 14	Notes (See below)
Argentina	Peso	Preferential buying	·1297	
		Basic buying	·1946	
		Preferential selling	·1946	(1)
		Basic selling	·1297	
		Free	·07005	
Austria	Schilling .....	.....	·03743	
Australia	Pound .....	.....	2·1885	
Belgium Luxem- bourg & Belgian Dependencies ...	Franc .....	.....	·01948	
Bolivia	Boliviano	Official	·00512	
British West Indies	Dollar .....	.....	·5699	(3)
	Pound .....	.....	2·7356	(4)
	Dollar	Brit. Honduras	·6839	
Brazil	Cruzeiro	Official selling	·05170	tax 8%
		Effective buying	·03431	(2)
		Coffee buying	·04166	(5)
		.....	·2044	
Burma	Kyat .....	.....	·2052	
Ceylon	Rupee .....	.....	·00885	(1)
Chile	Peso	Official	·3892	
Colombia	Peso	Basic	·1733	(6)
Costa Rica	Colon	Official	·1465	
		Controlled free	·9731	tax 2%
Cuba	Peso .....	.....	·1351	
Czechoslovakia ...	Koruna .....	.....	·1409	
Denmark	Krone .....	.....	.....	
Dominican Republic	Peso .....	.....	·9731	
Ecuador	Sucre	Official	·06488	(7)
		Free	·05453	
Egypt	Pound .....	.....	2·7944	
Fiji	Pound .....	.....	2·4645	
Finland	Markka .....	.....	·00423	
France	Franc .....	.....	·00278	
French Africa ...	Franc .....	.....	·00556	
French Pacific ...	Franc .....	.....	·01530	
Germany	D Mark .....	.....	·2317	
Greece	Drachma .....	.....	·000032	
Guatemala	Quetzal .....	.....	·9731	
Haiti	Gourde .....	.....	·1946	
Honduras	Lempira .....	.....	·4866	
Hong Kong	Dollar	Free	·1658	*Dec. 31
Iceland	Krona	Official	·05975	
		Special buying	·04601	
		Special selling	·03707	
		.....	·2052	
India	Rupee	Basic	·08536	(8)
Indonesia	Rupiah .....	.....	.....	

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Jan. 14	Notes (See below)
Iran	Rial	Official	0.3017	
		Certificate	0.1011	
Iraq	Dinar		2.7247	
Ireland	Pound		2.7356	
Israel	Pound	Effective basic	0.9731	
		Premium	0.5406	(9)
Italy	Lira		0.0156	
Japan	Yen		0.0270	
Lebanon	Pound	Free	0.3047	
Mexico	Peso		0.1125	
Netherlands	Guilder		0.2561	
Netherlands Antilles	Guilder		0.5160	
New Zealand	Pound		2.7356	
Nicaragua	Cordoba	Effective buying	0.1474	(10)
		Official selling	0.1380	
		With Surcharge I	0.1208	
		With Surcharge II	0.09682	
Norway	Krone		0.1362	
Pakistan	Rupee		0.2941	
Panama	Balboa		0.9731	
Paraguay	Guarani	Basic	0.05488	(1)
		With Surcharge I	0.04633	(11)
		With Surcharge II	0.03243	
		Certificate	0.04937	
Peru	Sol		0.4866	tax 17% (2)
Philippines	Peso		0.03396	
Portugal	Escudo		0.3892	
El Salvador	Colon		0.3192	
Singapore & Malaya	Straits dollar		2.7356	
South Africa (Union of)	Pound		0.4443	
Spain & Dependencies	Peseta	Basic buying	0.08673	
		Basic selling	0.05924	(1)
		Basic commercial selling	0.02498	
		Free	0.1881	
Sweden	Krona		0.2269	
Switzerland	Franc		0.2722	*Dec. 11
Syria	Pound	Free	0.07785	(1)
Thailand	Baht	Official	0.04759	*Nov. 21
		Free	0.3475	
Turkey	Lira		2.7356	
United Kingdom	Pound		0.9731	
United States	Dollar		0.6406	
Uruguay	Peso	Official	0.5466	
		Basic buying	0.4140	(1)
		Special buying	0.5121	
		Basic selling	0.3971	
		Special selling	0.2905	(12)
Venezuela	Bolivar		0.00324	
Yugoslavia	Dinar			

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
8. Indonesia: Basic rate applies to all exports and essential imports. Rupiah value for other than essential imports is reduced by 33½ per cent, 100 per cent or 200 per cent depending on product.
9. Israel: An additional rate of 1 Israeli pound equals U.S. \$2.80 applies to imports of wheat and sugar only.
10. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
11. Paraguay: Basic rate applies to most Paraguayan exports.
12. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory notes see *Foreign Trade* of October 11, 1952.

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The February 6 issue of "Foreign Trade" will mark the fiftieth anniversary of the Trade and Commerce magazine. It is the custom and privilege of this periodical, on its fiftieth birthday, to look back and reminisce. "Foreign Trade" will be doing the

But "Foreign Trade" did not reach its present stature by looking back, nor by settling into a comfortable middle age. While pausing to reflect on the past, we are beginning our fifty-first year with the vigour and élan of youth. We think the February 6 issue of "Foreign Trade" will inter-

foreign trade

JANUARY 30, 1954



British Agriculture in Transition (page 2)



foreign trade

14

OTTAWA, JANUARY 30, 1954

NO. 370

British Agriculture in Transition	2
U.S. Steel Industry Sets New Record	8
Argentina's Aviation Industry	11
Transportation Notes	
Chile, India, Northern Ireland	13
French Guinea Plans Industrial Progress	14
Credit Conditions in Asia and the Middle East	16
Commodity Notes	
Brazil, Chile, Cuba, India	18
Israel, New Zealand, Norway, South Africa	19
Italy Rebuilds Its Mercantile Marine	20
General Notes	
Argentina, Australia, Barbados, Cuba, India	23
Netherlands, South Africa, Trinidad, Turkey	24
Markets in the Textile Southland	25
Trade and Tariff Regulations	
Benelux, Indonesia, United States	27
Foreign Exchange Rates	28

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British Agriculture in Transition

With rationing and control of agricultural products scheduled to disappear in 1954, how will sales of Canadian grains, cheese, butter, eggs and meat products in the United Kingdom be affected? Here is one estimate.

LONDON—The year 1953 will probably be remembered in British agriculture as one of transition from a controlled and rationed farm economy to a more flexible system. If the Government's plans are carried out, the process should be completed by mid-1954, with the substitution of deficiency payments in various forms for the old schemes of fixed, guaranteed prices. Imports are not being given the same degree of freedom for the time being, largely because of balance of payments difficulties.

Decontrol Experiment for Eggs

The first major item in this program was the derationing and decontrol of eggs on March 26th and the abolition of the subsidy. This measure was precipitated by the considerable off-control sales which, it was estimated, took 45 per cent of home production.

Instead of being tied by law to the packing stations, producers were permitted after decontrol to sell ungraded eggs direct to individual consumers or to the stations. By agreement with the industry the Government laid down a schedule of "guaranteed minimum" prices, but the packing stations could offer a free market price according to conditions. In the event of the price dropping below the floor, the Government was to bear the loss which, it turned out, was considerable. The Government retained control temporarily over imports and the National Egg Marketing Organization advised the Ministry in day-to-day marketing so that imported supplies purchased in bulk could be integrated with home production.

Prices rose during the summer of 1953 to between 7/- and 8/- per dozen for grade A (96 cents to \$1.09), but this peak was short-lived, thanks to consumer resistance. The "short season" price settled down at 6/6d. per dozen for Grade A (89 cents).

Freeing of Imports

Late in the year, plans were announced to complete the decontrol of eggs by returning imports to private hands. Bulk contracts with Australia, South Africa and Eire expired at the end of 1953 and from January 1, 1954, supplies may be imported privately from the sterling area under Open General Licence. Imports from non-sterling sources other than dollar areas will be freed on April 1, 1954. The contract with Denmark, which would normally be effective until September, will end on April



—U.K. Information Office.

The stack of eggs on which this hen is standing—1,359 of them—represents the total she laid in ten years at the Edinburgh Poultry Research Centre.

first subject to mutual agreement. However, because of exchange difficulties, supplies from Western European and certain other non-dollar countries will at first be imported under Open Individual Licence.

Notwithstanding the gloomy forebodings and the cry for a permanent as opposed to the present temporary marketing scheme, the first major experiment in decontrol may be said to be a success. The total United Kingdom supply increased by 8 per cent (to 309½ million dozen) between April and November 1953. Greater supplies from home production were passed through packing stations and imports increased from 61·4 to 73·3 million dozen during the period. The mild fall and winter brought a rise in home production two months ahead of schedule and prices are falling to below peak season level, forcing down the price of the imported product.

At the end of December, wholesalers were paying 44 cents a dozen for best Danish eggs and 37 cents for South African and Australian, considerably below the returns received by Canadian producers. With the British producer guaranteed at present an average of 5/- a dozen throughout the year, the Ministry is forced to foot a heavy subsidy bill. But the consumer has, after 15 years, access to a plentiful supply of cheap eggs.

The second major step towards a freer economy was the decontrol and derationing in various stages during the year of cereals, flour and feedingstuffs. The measure also involved the removal of the flour sub-

sidy and of the restrictions on the rate of extraction of flour. The subsidy and price control on the "National" loaf, of 80 per cent extraction, continued; bread made from whiter flour could be sold at the free market price if the flour was fortified to bring it up to the nutritional equivalent of the National loaf. Experience showed that, after the initial sales rush, the public fell back on the National loaf for which they pay about three cents less than for the white bread. The cost of the bakers' subsidy for the National loaf has been far greater than anticipated and, though the hope was that sales of the whiter loaf would mean a smaller subsidy, the Minister of Food was obliged recently to submit a supplementary estimate to Parliament.

Although imports of Canadian flour have fallen for the time being, Canadian mills are competing successfully in the production and sale of the high extraction rate product.

Guaranteeing Farmer's Return

For the four main cereal crops under the Agriculture Act 1947, prices to farmers were guaranteed and adjusted from year to year at the annual farm price review. The Government has substituted a system of deficiency payments for wheat, rye, barley and oats to operate in 1954, holding the view that this is the only practicable method of guaranteeing returns to the farmers for cereal crops in a free market. Under the scheme, if the average price of a grain falls short of a previously fixed standard price, the producers will receive a deficiency payment equal to the difference. For wheat and rye the payment will be on the tonnage of millable grain sold by individual producers; for oats and barley, the deficiency will be converted into an acreage payment. As these arrangements are not due to come into effect until the 1954 harvest, the Ministry undertook to buy supplies of grains from the 1953 harvest which could not be marketed through normal commercial channels at the price fixed for that year.

The Ministry of Food had been the sole importer of wheat, flour and feed grains since 1939. Before outlining the arrangements for handing over imports to private firms, the Government stated that it intended to give importers the greatest possible freedom but would, for balance of payments reasons, maintain control over imports from outside the sterling area, including Canada, by the application of Open Individual Licences.

Imports vs. Home Production

As a result of continuous exhortations and incentives to grow more feedingstuffs at home and of the security of guaranteed markets, the grain acreage generally increased up to 1952. The Ministry was able to balance its purchases of grains from abroad with the prospects for the home crop, which was sold at a fixed price. The barley and oats acreage decreased in 1953 but there was a net increase in the total area sown to grain.

Import statistics show substantial increases in shipments of some grains—e.g., 25.3 million bushels of barley were imported from Canada in the first 11 months of 1953, compared with 2.1 million in the same period of 1952. Canadian barley is being marketed in some centres at £1 or £2 per long ton cheaper than home-produced. With the plentiful

supply of all grains, the Ministry has been obliged to implement its guarantee to purchase all home-produced grains which could not be sold commercially and has thereby incurred heavy subsidy expenditure. United Kingdom barley was removed from the market by the Ministry at £25 per ton and this facilitated the heavy imports from North America. When the deficiency payments scheme becomes operative for the 1954 crop, the imported grain will have to meet competition from the home-produced. Although imports of feedingstuffs from dollar areas, particularly from Canada, were questioned in Parliament, the Government indicated that it did not wish to re-impose import controls.

Rationing Controls to End

Following upon the two major events in the field of decontrol, the Government issued a White Paper detailing its plans for the eventual freedom of the remaining agricultural products during 1954. It was reaffirmed that, in abolishing controls, the safeguards of guaranteed prices and assured markets originally given to farmers under the Agriculture Act 1947 would not be abandoned. Rationing, allocation and price control of meat and bacon will end next summer and imports will be returned to private firms—an obligation which the Government feels it should honour.

It also admits equally important obligations to home farmers and, as an alternative to the various livestock marketing schemes which were submitted, the Government proposes to give meat producers a twofold guarantee, combining a guaranteed individual price on each transaction and a collective guarantee of a deficiency payment coupled with a "standard" price to the industry as a whole. The prewar system of auctions will be revived and, if prices fall below the individual and collective guarantee, the Government has undertaken to make up the difference. It also encourages the evolution of a scheme which would give farmers the option to sell by live or deadweight grade.

For some months in the latter half of 1953 meat was virtually unrationed because butchers received a ration-free allowance which could be sold to anyone.

Bacon Situation

Bacon is also virtually unrationed at present, although its price and bulk purchase are still under the control of the Ministry of Food. The Ministry is paying \$28.80 per 100 lb. for Dutch and Danish bacon. Under decontrol, it is questionable whether imports will be made at higher prices, as retail prices had to be reduced recently to move accumulating stocks. At present, thin side bacon, rind on, costs 14 cents per pound retail, with best back cut, rind on, 64 cents per pound.

Milk Products

The proposals for milk entail the handing back in 1954 of full prewar powers to the Milk Marketing Board. Since 1940 the Ministry of Food has held responsibility for marketing this product, buying milk from producers on a seasonal scale and allocating the surplus to cheese and butter-making. For some time the industry has urged the restoration of the Board's powers because of the development of a buyers' market.

During 1953 the production season was very favourable and imports from Northern Ireland, previously needed during the October "trough", were not brought in.

For the first time since the war milk consumption has declined, resulting in the allocation of larger quantities to manufacturing. Cheese production has increased by more than 50 per cent and there is a heavy surplus of canned and dried milk, which has been removed from rationing or allocation. In proposing to restore the Board's powers, the Government made the reservation that, with the heavy subsidy on milk, particularly in welfare food schemes, adequate safeguards would have to be given to the Treasury and the public.

Cheese Imports Rise

In addition to the high rate of cheddar cheese production at home which was responsible for its being virtually unrationed from December 20th, imports from the Commonwealth have also increased. In the period January to October 1953, 207·2 million lb. were shipped, compared with 185·0 million in the same period of 1952. Under the special purchase by the Ministry of Food, about five million lb. were shipped by Canada. In the fall over one-fifth of the rationed cheese allocated was not taken up, probably because of the plentiful meat supply and the larger selection of fancy cheese which have remained unrationed.

The Ministry's plans call for derationing of milk products in the early summer of 1954, after which it is proposed to resume private imports. Details of how dollar purchases, if any, will be affected under this plan have not yet been announced. Under stringent wartime conditions the identity of most rationed foods was lost but with the return to normal it may be presumed that cheese, among other products, will be marketed under the name of the country of origin. Decontrol will bring elimination of the subsidy, raising the price by an estimated 2d. to 2/6d. per lb., (34 cents). But any further increase under the free market conditions must be tempered by the non-take up of this commodity under rationing. Before the war Canadian cheese retailed at a premium of up to about three cents a lb. over other makes; except for brands demanding quality premiums, it is difficult to see how Canadian could bring much, if any, more than the prewar premium.

Butter to Be Derationed?

There are similar plans for the decontrol of butter which, however, is not in such plentiful supply. Home production has benefited by the heavy milk surplus and allocations to butter-making nearly doubled in 1953 compared with 1952. Imports from January to October 1952 were 465·2 million lb. compared with 543·1 million in the same period of 1953. Supplies from New Zealand declined slightly in 1953 but were offset by a large increase in Australian exports. Danish and Dutch shipments rose and there were purchases from Poland and Argentina, all of which contributed to an overall improvement in supplies. Although the present ration is only three ounces, there is a small percentage not taken up. The retail price is 3/4d. lb. (46 cents) which makes it somewhat of a luxury.

The Minister explained that he was prepared to take risks in derationing butter in the summer of 1954 because of the improved margarine situation. Hitherto the Ministry of Food has been responsible for the bulk purchase of oils and fats which are processed into margarine in government-licensed factories. The margarine ration has operated as a complement to the butter ration, fluctuating accordingly. With the increasing world supply, it is presumed that imports of oils and fats will revert to private hands. Some less important oils have already been handed over.

Margarine retails at 1/6d. per lb. (20 cents), and the subsidy was eliminated during 1953. With forthcoming decontrol, manufacturers will be able to improve quality and reintroduce individual brands. Again it is doubtful whether a price increase could be carried, for at 20 cents a lb. over one-fifth of the margarine allocated on the ration was not purchased. Experience of derationing in other countries indicates that butter will probably not retail at over 3/6d. lb. (48 cents) with margarine costing about 20 cents and special grades bringing perhaps 23 cents.

Completing Decontrol

The Government's current plans call for the completion of decontrol by 1954. While the farming industry will by that time be more open to the rigours of competitive markets, the Government has stood by its undertakings to agriculture and will still afford a considerable measure of protection through various floor price schemes or deficiency payments. On the other hand, all imported food, which by then will be in private hands, will be governed solely by the condition of the market, prices and the preferences of the consumers. In the past year or so a miraculous transformation has taken place for the housewife who, after 14 years, finds she has a choice and is not always wrong.

Outlook for Dollar Purchases

It is to be hoped that, with stabilization continuing, with carefully husbanded gold and dollar reserves, the outlook for imported foods from dollar sources will improve. The price factor, already plainly evident even while some basic foods are still technically rationed, must be borne in mind with the return to a buyer's market and competition among products and brands. The proportion of the average wage devoted to foodstuffs is probably smaller in the United Kingdom than in many other countries, and the branded products with the best and most consistent quality at the most reasonable price will be quickly established on the tables of ration-free Britain.

Two things will determine the outlook for sales of good-quality Canadian agricultural products in the United Kingdom—the ability of Canadians to compete price-wise, and the degree of improvement in the British balance of payments. If these two factors are favourable, the prospects for Canadian sales in Britain appear brighter than for some years past.

—D. A. BRUCE MARSHALL

Commercial Secretary for Canada (Agriculture)

United States

Steel Industry Achieves New Record

Since 1946, U.S. steel-making capacity has gone up by 52 per cent, but signs are that this vigorous expansion will slow down during 1954.

WASHINGTON—By January 1, 1954, the annual steel-making capacity of the United States reached 124·3 million tons of ingots and foundry casting steel. This marked a peak in the postwar expansion and improvement program of the steel industry which, since 1946, has enlarged its capacity by 52 per cent. Last year also saw a record output of primary steel of nearly 112 million tons—seven million tons higher than the 1950 record of 105·1 million tons.

This phenomenal expansion in U.S. steel capacity and the actual production estimates, based on American Iron and Steel Institute figures, are shown below:

U.S. Steel Capacity and Production 1946-1953

Year	Capacity at Jan. 1 (net tons)	Total ingot and casting steel production	Percentage of capacity used
1946	81,236,250	66,602,706	72·5
1947	81,010,990	84,894,071	93·0
1948	94,223,460	88,640,470	94·1
1949	96,120,930	77,978,176	81·1
1950	100,563,500	96,836,075	96·9
1951	104,229,650	105,119,848	100·9
1952	108,587,670	93,168,039	85·8
1953	117,547,470	112,000,000*	95*

* Preliminary and unofficial estimates.

Further Increases Doubtful

The 20 million tons of steel production capacity added since 1950 virtually completes, in total at least, present official and private expansion goals for the industry and somewhat earlier than was originally expected. For the first time since 1946, overall supply and demand have been in balance for as long as six months and the Government recently removed steel ingot expansion from the list of projects which can qualify for special tax amortization rates under the incentive scheme of 1951. The direct result of such action on the steel industry's program would probably be less significant in any case than is popularly supposed, as most of the expansion seems to have been independent of government tax assistance.

Even in 1951, the steel industry's program involved an ultimate capacity of 117 million tons and since then the latest official figures covering steel-making projects certificated for rapid tax amortization to the end of June 1953 show that only 97 certificates, involving an investment cost of \$762 million in blast furnaces, were issued. Of these, projects

covered by 42 certificates (or 43·3 per cent) involving an outlay of about \$64 million were completed by April 1953. As the Steel Institute's estimate of expenditures by steel-makers on equipment and construction between 1946 and the end of 1953 is over \$5 billion, and even though the rapid tax amortization figures are only a rough gauge of government tax assistance, it is clear that the impressive growth in capacity has been based on a healthy and sustained demand for steel and that such assistance was not a major factor.

Electric Furnace Steel Capacity

Undoubtedly, however, capacity expansion for production of special steels has been encouraged by the Government's special taxation arrangements of recent years. These permitted accelerated tax write-offs in five years instead of a customary longer period, to the extent that the investment in a new plant was determined to be in the interests of national defence. No specific figures are available to measure adequately the effect of tax assistance but the following table shows the greater relative increase in electric process steel-making capacity, especially since 1950:

U.S. Steel Capacity* by Processes

Year	(figures in 1,000 tons)		Electric	Total
	Bessemer	Open Hearth		
1946	5,154	81,236	5,500	91,890
1947	5,154	81,011	5,076	91,241
1948	5,226	83,611	5,397	94,234
1949	5,191	84,817	6,113	96,121
1950	5,621	87,859	7,083	100,563
1951	5,621	91,054	7,555	104,230
1952	5,381	94,973	8,233	108,587
1953	4,637	102,678	10,232	117,547

* January 1 estimates for the year indicated.

The increase of almost 36 per cent in electric steel capacity in two years resulted from the establishment of a large number of widely-scattered and smaller steel mills producing special purpose and high alloy steels for defence use; many of these depend on local scrap resources. Such elements of the primary steel-making industry are relatively more vulnerable to any shift in demand, with the result that much of the capacity for special types created in recent years may have to revert to a stand-by emergency status.

Further Plant Improvement

Figures on greater capacity do not illustrate the unprecedented scale of modernization and mechanization which has accompanied the increase. Apart from additional facilities, improved techniques, especially the oxygen-blowing open hearth process, have contributed to its growth. To preserve their competitive position by reducing costs, some producers have progressively improved their methods of production, a policy which is now expected to continue into 1954, with even more pronounced results. Because they have operated at capacity for so many years, many mills have not had the opportunity or scope that 1954 will provide to replace worn-out equipment or to meet the problem of accelerated obsolescence resulting from improved techniques and high-speed processes.

Private estimates indicate that the steel-making industry's new capital spending in 1954 for equipment and plants will be at the same rate as the past three years, about one billion dollars. A more favourable tax situation should permit financing out of earnings, even though production for the year may drop appreciably. Such a program may mean that between five and ten million tons of marginal high-cost steel capacity will be scrapped, leaving the potential effective total capacity at about its present level.

Production Decrease Expected

It is only in recent months, with a levelling-off of defence needs and readjustment of inventory levels, that competitive selling and competitive buying have again become normal market factors in the steel trade. Premium prices for certain grades of steel have virtually disappeared and producers have reduced some prices in their drive for new business. Current trade reports, and the producers themselves, anticipate a decline in 1954 relative to the high output of recent years and to the installed capacity of the industry. The range of unofficial current forecasts is between 95 to 100 million tons, or 75 to 80 per cent of a 124-million-ton capacity. Trade reports appear less apprehensive about recent declines in operating ratios and the prospect of idle capacity in 1954 than might be expected, because such a level would mean higher outputs than in 1952 and 1950. Nevertheless, the uneven demand for various types of steel in recent months has caused concern. Expressed in percentages of installed capacity, the table below provides a basis of comparison of the monthly production by processes during 1953, with certain 1952 figures:

Month	Open Hearth	Bessemer	Electric	Total
1952:				
January	100·7	89·3	89·8	99·3
March	104·4	83·1	89·6	102·2
May	90·6	69·6	85·3	89·2
August	94·4	67·8	84·6	92·4
October	108·7	76·1	102·3	106·6
December	108·0	75·5	97·6	105·6
1953:				
January	101·4	88·9	81·2	99·1
February	100·8	92·6	84·6	99·1
March	103·7	90·0	87·7	101·8
April	100·5	87·7	85·2	98·7
May	102·3	90·0	82·5	100·1
June	99·4	87·0	80·5	97·2
July	95·5	82·4	73·2	93·1
August	97·0	78·7	72·7	94·2
September	95·8	75·6	61·9	92·1
October	99·0	82·5	56·7	94·7

From the foregoing and with due allowance for the end of 1952 backlog resulting from the strike in mid-year, some slackening in demand during the last part of 1953, especially for electric process steels, is apparent.

—S. V. ALLEN

Commercial Counsellor for Canada

Argentina's Aviation Industry

Production of a new military aircraft adapted to varied uses is proceeding, and plans for making other types of planes are taking shape.

BUENOS AIRES—Early in November, the Argentine Air Ministry announced the production of a new multi-purpose military airplane, the I.A. 35. It was built in Cordoba by a State company, Industrias Aeronauticas y Mecanicas del Estado (I.A.M.E.) which also produces motor cars, light trucks, and motorcycles. Flight tests of the new plane are proceeding.

The I.A. 35 is built of metal, with a four-section fuselage and double tail. It is powered by two I.A.R. 19-C *El Indio* reciprocating engines produced in Argentina and equipped with triple-blade variable propellers. This 450 h.p. engine is an improved version of its forerunner the *Gaucha*.

The aircraft is designed for a variety of uses, such as the following:

- As a light bomber, carrying a crew of five and armed with nose and tail machine guns, a rotating gun tower, and medium-weight bombs.
- As an instructor-bomber, with a crew of three and equipped for advanced instruction in bombing, blind-flying, navigation, and radio-telephony.
- As an ambulance, carrying a crew of three, a doctor and nurse, and four stretchers.
- As a reconnaissance and photographic plane.
- As a light transport plane for either passengers or cargo.

Characteristics of Plane

Published characteristics of the plane reveal that it has a wing span of 19·6 metres, a fuselage 13·98 metres long, and a weight when loaded of 5,700 kilograms. Its maximum speed is given as 353 kilometres per hour, its cruising speed as 346 kilometres per hour, and its climbing speed as 38 metres per second. Its ceiling is 6,500 metres and its radius of action 1,500 kilometres. Equipment carried includes radio-telephone long and short, radio-compass, intercom, retractable hydraulic fuselage, and de-icing equipment.

Argentina also plans to produce seven other types of aircraft and work on the prototypes will be started soon. The largest will be a 40-passenger, all-metal plane, powered with five turbo-jets that will give it a speed close to that of sound. The others include an 18-passenger, all wood transport plane; an all-metal "flying wing" freighter with four local motors and able to carry a payload of eight to ten metric tons; a

wooden two-seater advanced trainer; a monocoque civilian plane for two to three passengers, and a wooden training glider for a crew of two. Also in the cards is a plane for use by Argentine executives, powered with two R 8 B radials and large enough for two to three passengers.

The types of engines now produced in the country—and particularly the *El Indio*—will also be improved and two new radials, the R 8 B and the five-cylinder R6, will be manufactured. A new axial-flow, high-thrust turbo-jet is being discussed and research into aviation fuels, lubricants, construction materials and Napal bombs carried on. One subsonic and one supersonic wind tunnel are to be built.

—C. S. BISSETT

Commercial Counsellor for Canada

Dried Fruits from South Africa

CAPE TOWN—South Africa's dried fruit industry is reviving after the difficult postwar years. When the war ended, the industry could not get enough raw materials because the demands from the brandy industry for vine fruit and from the canning industry for tree fruit were given priority. Now the brandy shortage is easing, vine plantings are no longer controlled, and tree fruit production has expanded faster than the canning facilities.

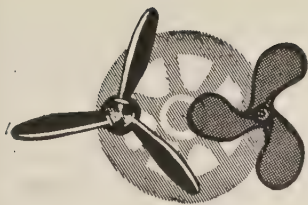
Production of dried fruit in 1954 is expected to be substantially larger than the 1953 pack of 15,000 tons, which was made up of 10,000 tons of valencias, muscatels, sultanas, stalk specialties and currants, and 5,000 tons of tree fruits, including apricots, peaches, pears and prunes.

Domestic sales are stable at about 6,500 to 7,000 tons, adjoining territories take an additional 1,000 tons and the remainder is sold in international markets. The rise in production will therefore make larger exports possible. Thirty producers are registered in the Union but they have been consolidating since 1940 and it is probable that, of the seven groups now operating, not more than three are competitors.

The Dried Fruit Control Board constituted under the Marketing Act regulates and controls the industry and is the sales channel through which the industry delivers valencia raisins to the British Ministry under a bulk sales contract. Individual packers, however, are granted export permits after the Ministry of Food contract has been honoured.

The principal lines are subject to domestic price control. The following prices prevailed in 1953:

Packers' Price to Trade:	5D	4D	3D	2D	1D	
Raisins	1/1½	1/0½	11½d.	9½d.	8½d.	
Currants	1/6½	1/5½	1/2½	....	....	
Prunes	40/50	50/60	60/70	70/80	80/90	90/100
	1/8½	1/7½	1/6d.	1/3½	1/0½	10½d.



Transportation Notes

CHILE

Proposed Colombian Air Service—The Colombian Embassy has requested authorization from the Chilean Ministry of Foreign Affairs to establish a regular air route between Bogota and Santiago. This service would be operated by the Compania de Aeronavegacion "Lia" of Colombia—Santiago, Jan. 12.

INDIA

U.S. Locomotives—India's railway system will receive 100 new locomotives and 5,000 new freight cars as a part of United States economic aid to India during 1954. The contract calls for expenditure of \$20 million of U.S. funds and Rs.32 million of Indian funds. The project is part of the planned rehabilitation of Indian railways under the Five-Year Plan. United States funds will be used to buy locomotives and cars outside India; rupee funds will be used for ocean transportation to India, handling costs, and assembly of freight cars imported under the agreement.

Under the Five-Year Development Plan, India has already placed orders for 769 locomotives and will order 500 more during the last two years of the Plan. These are to be paid for by the railways themselves. Orders have also been placed for 32,293 freight cars, and 29,000 more will be ordered in the next two years—New Delhi, Jan. 5.

NORTHERN IRELAND

Airlines to Be Built—More work for the Northern Ireland aircraft industry will result from an agreement just reached between the Bristol Aeroplane Company Limited, Filton, and Short Brothers & Harland Limited, of Belfast, whereby the Belfast firm will extend its capacity to include production of Bristol Britannia aircraft.

The Britannia is a long-range four-engine turbo-prop airliner with accommodation for 87 to 104 passengers, according to type of aircraft, and a crew of three to five. With loads of up to 155 thousand lb. the Britannia has a maximum speed of almost 400 miles an hour at 25,000 feet and a range of nearly 4,000 miles fully loaded. A fleet of 26 is being built for British Overseas Airways and is expected to be ready for service in 1955.

The Belfast firm will assemble the Britannias and will build about 50 per cent of each airplane, importing the remainder of the parts. Preparation of the assembly area in Belfast has already begun and there will be substantial additions to the erecting shops. This new program will not in any way interfere with the production of the Comet jet airliners at present going on in Belfast—Belfast, Jan. 15.

French Guinea Plans Industrial Progress

Aluminum and iron ore take first place among the industrial projects that are transforming the economic life of the Colony.

PARIS—French Guinea, a keystone in the structure of French West Africa, is today being transformed economically, politically and socially. The economy is still mainly agricultural—we think first of peanut oil, palm oil, coffee, cocoa and bananas when we speak of West Africa. Now, however, two major developments, iron ore and aluminum, are quickening economic progress and the country needs miners, engineers, electricians, construction and transportation specialists. Prospects for the future are bright and already some major centres are becoming boom towns.

Iron Ore the Leader

The mining of iron ore is perhaps the industry most in the spotlight. French Guinea is expected to become one of the world's major sources of iron ore; the Conakry peninsula on the west coast of Africa, between Dakar and Monrovia, is the site of a particularly rich deposit. Currently the Conakry mines are producing 40,000 to 50,000 tons a month; soon output will rise to 100 thousand tons a month. The ultimate goal is 250 thousand tons a month, or three million tons a year.

ECA dollars have financed the purchase of mining, earth-moving and landing equipment. Substantial sums of francs have been used to erect model villages for native workers, designed in accordance with native tradition. Large sums have also been spent on the port and on a special dock for loading iron ore.

Just before the war, Conakry ore was shipped to the Ruhr, Belgium and the Saar for blast-furnace tests; today the largest part of the ore is going to Britain. Belgium has been buying some and it is expected that Germany will also take some shipments.

Aluminum Development

The bauxite mining industry began after the war and the country is expected to become a leading bauxite producer. Up to 1940, only the rich deposits of the Los Islands off the port of Conakry had been worked and only on an experimental basis. Since then, deposits estimated at approximately 60 million tons of ore of excellent quality have been discovered along the lower course of the Konkoure River. In fact, there are two distinct deposits of almost equal importance—the first one around Kindia (some 90 miles from the sea) and the other around Dabola (220 miles further upstream). Both deposits are situated on a railroad line which has its ocean terminal in Conakry.

To make possible the treatment of the ore on the spot, a hydro-electric plant will be built to produce 2,200 million kwh. Investigations made in the last two years have led to the choosing of several sites on

the course of the river. Most of these sites are near Kindia, but it remains to be decided which one is the most suitable. Only after careful selection of a site will the actual construction of the dam, the hydro-electric plant and the ore-treating plant begin. This means that aluminum will not be produced before 1957 or possibly 1958. The projected capacity is 100 thousand tons a year. Although the quality of ore in the Dabola area is just as good as in the Kindia district, only Kindia ore will be used at first. The Dabola deposit will be kept in reserve to avoid the cost of transportation along the 220 miles between Dabola and Kindia.

Social Progress Stressed

One result of this development will be a better life for the natives of French Guinea. This territory may be the first in French West Africa to be widely industrialized. The Colony has around Conakry, the Los Islands and the peninsula the first heavy industry concentration in French Africa.

While she is exploiting the natural resources of French Guinea, France is not overlooking the improvement of the standard of living and the education of the native peoples. An interesting program of mass education is going forward, on the theory that economic development and the transformation of production methods are worthwhile when they are accompanied by social progress.

Industrialization has brought a revolutionary change in the circumstances of the average native. It is, for example, providing a uniform standard of values and exchange. An ever-increasing number of natives have access to at least an elementary education; medical advance is curbing epidemics. Practical training is even more widespread. Private industry, the Government and religious organizations maintain schools of navigation, forestry, pharmacy and fishing, and for all kinds of manual crafts.

Small industries have been established around Conakry for the sole purpose of supplying mining companies with needed materials. Wages paid by those industries (the bauxite industry alone employs about 200 Europeans and from 1,300 to 1,500 natives) and their purchases of local materials and equipment have created new buying power among the native population and contributed to a prosperous local business. Present indications are that this favourable trend will continue for some time to come.

Trade of the Colony

In 1952, imports into French Guinea were valued at over 6,720 million francs, with Metropolitan France supplying 77.2 per cent. Other supplying countries in order of importance were: United States, 3.6 per cent; Britain, 3.0 per cent; Algeria, 2.6 per cent; Belgium, 1.8 per cent; Morocco, 1.7 per cent; Western Germany, 1.0 per cent; Sweden, 1.0 per cent; Sierra Leone, 1.0 per cent; Canada, 0.9 per cent; Switzerland, 0.7 per cent; other countries, 5.5 per cent.

During the same period French Guinea exported over 3,013 million francs worth of goods, with France taking 81.9 per cent of the total. Other importing countries were: Algeria, 4.4 per cent; Netherlands, 2.3

per cent; Sierra Leone, 2.3 per cent; Canada, 2.1 per cent; Western Germany, 1.9 per cent; other countries, 5.1 per cent. The Colony's unfavourable balance of trade stems largely from the need for heavy imports of machinery and transportation equipment.

Products imported are principally cotton fabrics and clothes, machinery and apparatus, trucks and commercial vehicles, cement, non-precious metals, automobiles, precision instruments, tools and hardware, iron and steel.

Exports consist mainly of coffee, bananas, palm nuts and oil, bauxite, cocoa, woods, rubber, diamonds, animals and skins.

—L. A. CAMPEAU

Assistant Commercial Secretary for Canada

Credit Conditions in Asia and Middle East

OTTAWA—Political and economic uncertainty in the Far East have not lessened during the past year and, as a result, credit conditions have not improved. Considerable changes have taken place, influencing to various degrees conditions in particular countries. Dangers—and accordingly credit risks—in Indo-China and the neighbouring mainland have not diminished. Tumbling commodity prices hit Asian staple products particularly hard, weakening most of the countries economically and financially.

The Middle East presents a picture in contrast to Pacific experience. Generally, countries in this area gained in political and economic stability during 1953. In most of them, oil and cereal production rose and earnings increased. Consequently credit conditions improved throughout this area.

Letter of Credit Normal Practice

Despite the more competitive situation in foreign trade which tends to force Canadian exporters to accede to more liberal credit terms, Asia and the Middle East should still be treated with caution. Financing of export drafts by confirmed letters of credit is the normal and necessary procedure. The credit structure of these areas has not recovered since the war and there is some political and financial uncertainty, so that the credit standing of the individual buyer is of prime importance. And the surest test of the sound buyer is his ability and readiness to establish a letter of credit.

Where government agencies are involved, the Canadian exporter may be unable to obtain such secure terms of sale. Competing foreign suppliers will be bidding keenly for the business in more stable countries and financing difficulties may require concessions in some. In such cases the exporter must carefully examine the country's current payments record.

In all the Far East, probably only Burma and Taiwan gained strength in 1953. The exchange position of Indonesia, Japan and Thailand weakened during the year and this led to increased restrictions on trade. The Philippines managed to avoid any drain on its reserves and developed more stability, if not greater prosperity. Even though Burma increased its exchange holdings, a softer rice market asserted itself by mid-year and prospects for future earnings are not so bright.

Exchange Barometer

Oil is truly gold for the Middle East and exchange accounts reflect the gains. Iraq, Saudi Arabia, and the smaller principalities like Kuwait and Bahrein Islands continue to accumulate reserves; Iran may be on the way to restoring its oil revenues. Good crops and sound trade conditions have improved the position of Syria and Lebanon, although the latter has been recently undergoing a business recession. In Egypt the tide turned, thanks to sounder cotton production and marketing policies, and the country is beginning to replenish its exchange reserves. Complex difficulties continue to plague Israel and Jordan and their exchange situation remains precarious.

Record of Experience

The Export Credits Insurance Corporation continues to have quite limited experience on collections in this area because of the prevalence of letter of credit financing. Such carefully controlled accounts as have been handled under documentary credits have for the most part been met promptly, except for some singular instances of delayed payments in Iran and the Philippines.

SUMMARY OF CHANGES DURING 1953

Country	Exchange Position	Business and Credit Conditions
Arabia	stronger	little change
Burma	improved	no change
China	still difficult	no change
Egypt	steadier	improving
Indonesia	weaker	more difficult
Indo-China	weaker	more difficult
Iran	little change	uncertain
Iraq	stronger	improved
Israel	still difficult	little change
Japan	weaker	little change
Jordan	still difficult	no change
Lebanon	improved	more uncertain
Philippines	little change	better
Syria	improved	improved
Taiwan	improved	improved
Thailand	weaker	less favourable



Commodity Notes

BRAZIL

Seamless Steel Tubes—Trial production of seamless steel tubes has begun at the Mogi das Cruzes plant at Mineracao Geral do Brasil. The plant, which is on the Bush Bench system, has an annual capacity of 50,000 tons of seamless steel tubes of three-quarters to five inches in diameter for water, gas, boilers, and petroleum refineries—Rio de Janeiro, Jan. 7.

Rice and Sisal—The Ministry of Agriculture has estimated Brazil's production of unhulled rice in 1953 at 3,160,740 tons, an increase of 229,630 tons over 1952. The production of sisal fibres has been estimated at 73,251 tons—Rio de Janeiro, Jan. 7.

Jute—The 1953 domestic jute crop in Brazil has been estimated at 19,083 tons by the Ministry of Agriculture. Production in 1952 totalled 14,840 tons—Rio de Janeiro, Jan. 7.

CHILE

Copper—Chile will sell the entire production of copper from Paipote during 1954 to a German refining company, on the basis of US\$0.292 per lb. The total purchase is given as 20,000 tons—Santiago, Jan. 8.

Onions—Current reports indicate that Chile will resume the export of onions. The two principal buyers are Great Britain and the United States. Because of its unfavourable harvest, the U.S. will probably make larger purchases than in 1953—Santiago, Jan. 8.

CUBA

Sugar—The American Secretary of Agriculture, in announcing sugar quotas for domestic consumption in 1954 based on a preliminary estimate of eight million short tons, indicated that the initial Cuban participation would be 2,478,720 short tons. This share is substantially larger than that granted Cuba at the beginning of 1953—Havana, Jan. 11.

INDIA

Hurricane Lanterns—The hurricane lantern industry in India is progressing at hurricane speed. Between 1948 and 1952, the output of the ten major units jumped from 1.7 million to 3.5 million, and there was a further increase in the first six months of 1953. Present requirements are estimated at four million but the target of the Planning Commission for this industry is five million by March 1956, with one million more for export. It is doubtful if the local demand will increase further in view of the rapid electrification of many

areas under the Five-Year Plan. The Tariff Commission is continuing its protection of this industry because foreign competition has revived, including a German make which was popular before the war—New Delhi, Jan. 5.

ISRAEL

Cement—Israel's second cement plant went into production at Ramleh in September with one rotary kiln of 150-thousand-ton annual capacity. The country's first plant of six shaft kilns and two rotary kilns, also operated by the Nesher interests, is now reaching maximum annual capacity of 450 thousand tons. Israel's cement exports were only resumed in 1952, because domestic demand for cement had increased greatly because of large-scale building activities. Exports in 50-kilo six-ply paper bags to many Mediterranean and African countries are currently averaging 10,000 tons a month. The quality of the cement conforms with that of British and U.S. standard Portland specifications. Future domestic and export market possibilities are believed so promising that a third independent cement works (Shinshom), financed partly by British capital, is expected to go into partial production early in 1954—Athens, Jan. 12.

NEW ZEALAND

Racing Stock—New Zealand has set aside an allocation of dollars in 1954 to import trotting stallions from the United States. An allocation was made in 1952 but was later withdrawn—Wellington, Jan. 9.

NORWAY

Minerals—In spite of a certain drop in the demand for iron ore, A/S Sydvaranger have sold the major part of their 1954 production, the principal buyers being Western Germany, Belgium, and the United Kingdom. The annual output is estimated at 830 thousand tons. It is expected that total production of aluminum at Aardal Verk in 1953 will amount to 25,000 tons, output of pig-iron will reach a record figure of 33,000 to 34,000 tons, and the production of electrode compound will probably be 30,000 tons. Shipments of coal from Spitzbergen are expected to total about 400 thousand tons, of which Denmark, Sweden and Western Germany took 130 thousand tons, 30,000 tons more than in 1952—Oslo, Jan. 13.

SOUTH AFRICA

Steel—ISCOR, the steel corporation controlled by the South African Government, has announced that its present annual output of 1.2 million tons of steel ingots will be increased by 100 thousand tons. Because of greater business activity, the trading surplus for the fiscal year ended June 30, 1953, was £9,114,029, exceeding that of the previous year by £4,159,649—Cape Town, Jan. 4.

Colour Film—A colour film machine is being installed in Johannesburg which can process 35,000 feet of colour film in one hour. Up to now, colour film has been a problem in Africa because of its rapid deterioration. The new machine will make it possible for companies which formerly flew their film in dry ice to Britain or America to have it processed in Johannesburg—Cape Town, Jan. 6.

Italy Rebuilds Its Mercantile Marine

Almost wiped out during the war, the Italian merchant fleet now exceeds its prewar tonnage and building of new ships and improvement of ports is still going forward.

ROME—The important Italian mercantile marine, which totalled more than 3½ million tons at the outbreak of World War II in 1939, was almost entirely destroyed as the war progressed. When peace came, there remained slightly over ¼ of the tonnage (385,716 tons) divided among passenger ships, cargo ships of all kinds, and fishing vessels—about 207 seaworthy ships. The war also wrecked and destroyed the Italian ports and their equipment and traffic schedules were thoroughly interrupted.

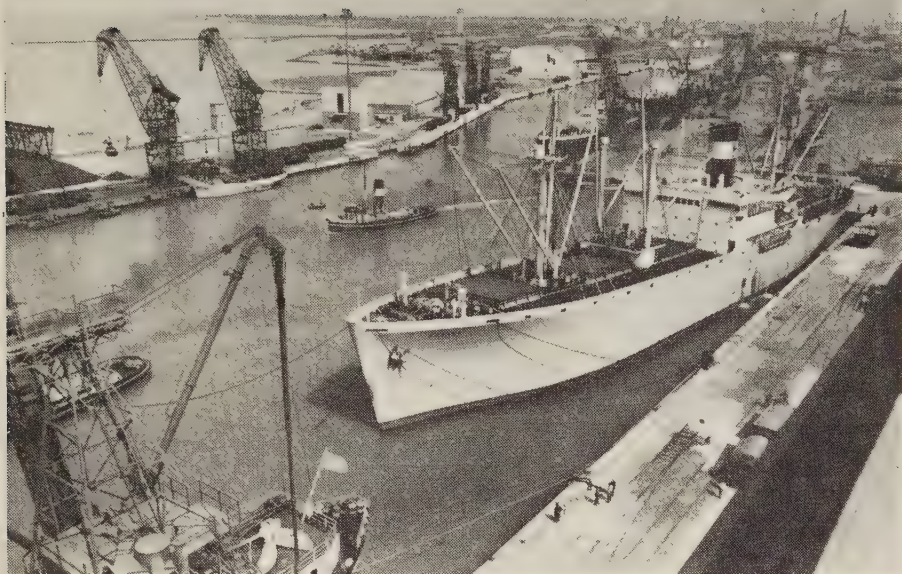
The Ministry of Marine early in 1946 planned the reorganization of the largest shipbuilding yards, especially in Genoa and Trieste, and all of the main ports and their equipment. It also scheduled the reconstruction of merchant shipping. These plans have taken time to bear fruit primarily because of the extensive mine-sweeping which had to be carried out in the early postwar years and also because vast sums had to be raised.

Reconstruction Program Charted

A number of laws were enacted soon after the war which, among other things, provided for government grants to be added to private capital to make possible the first stages of the reconstruction program. These consisted of the recovery and repair of sunken or damaged vessels and the purchase abroad of a number of ships. This program proceeded so rapidly that by July 1, 1948, the Italian merchant fleet consisted of 3,805 ships of a gross tonnage of 2,351,383 tons. Of these 1,008 with a total tonnage of 2,235,337 were motor ships and 2,797 with a tonnage of 116,046 were sailing ships, motorboats and fishing craft. Included also were 15 Liberty ships which were handed over to the Italian Government to replace Italian ships seized by the Western Allies. The first stages of the reconstruction program also embraced repairs of harbours and port facilities. This has been a lengthy process; so far only 90 per cent of the wartime damage has been made good, at a total expenditure of 45 billion lire.

Following the putting into operation of sunken or damaged vessels, the next step—the construction of new ships—was taken. The Government enacted a number of measures to provide allocations for the construction of passenger ships, cargo boats of all kinds, fishing vessels and other sea craft. Under this program, 42,600,000,000 lire were provided by the State, which was to cover approximately half a million tons of new shipping.

As a result of this overall program, by April 1, 1953, the Italian merchant fleet passed its prewar strength. Some 1,069 motor ships of 100 tons displacement with a gross tonnage of 3,462,734 tons were operating, compared with 1,227 or 3,424,804 gross tons on July 1, 1939. If to this



This photograph of Leghorn Harbour shows some of the rebuilt piers and the efficient pier equipment. All the main ports are being modernized as part of a long-term program sponsored by the Italian Government

1953 total is added 3,522 mechanically propelled ships of less than 100 tons each, sailing vessels and fishing craft with a total tonnage of 125,845, the Italian mercantile fleet numbers 4,591 vessels of 3,588,579 tons total, compared with 3,727 ships of 3,536,516 tons in 1939. In the past nine months of 1953, considerable shipbuilding has been carried on and it is estimated that about $3\frac{3}{4}$ million tons of shipping will be in operation by the spring of 1954.

All is not quite as rosy as this would indicate. A critical examination of the tonnage indicates that at least 40 per cent of the ships afloat are more than twenty years old and that a large proportion of the remainder are between six and twenty years old, including those constructed during the war, such as the Liberty ships. All of these old ships will have to be replaced if the merchant fleet is to keep pace with modern standards.

Measures Still Needed

Italy now owns only 3 per cent of world mercantile tonnage as compared with 5 per cent prewar. As far as freights are concerned, the Italian economy was faced with a deficit in 1952 of 43.9 million; total freight income amounted to \$162.8 million, compared with an outgo of \$206.7 million. A further factor is traffic in Italian ports which has increased greatly in the postwar years; 1953 is expected to register a total of 50 million tons, a considerable advance over 1939. It is therefore clear that if the prewar proportion is to be maintained and the Italian mercantile fleet is to be large enough for the needs of the republic, the total gross tonnage must be considerably increased. The objective is at least $4\frac{1}{2}$ million tons.

With this in view, new plans are to be submitted to Parliament shortly by the Ministry of Mercantile Marine, calling for the gradual building of new ships during the next ten years. Ship owners and foreign traders alike will welcome the approval and putting into effect of such a plan. In addition to providing for the gradual substitution of old ships and an increase in tonnage, this plan will help to combat unemployment in the shipbuilding areas.

At the present time and in accordance with contracts continuing up to the end of 1954, Italian shipbuilding yards are working and will continue to work quite steadily. Allocations were made in 1952 for the building of small vessels under 2,000 tons and some 19 tankers of 10,000 tons each and to this should be added 63,000 tons of shipping to be built in the Trieste yards during the next two years at a cost to the Italian treasury of six billion lire, and certain commitments from abroad. It is generally hoped that, before the work in hand is completed, the ten-year plan will be approved by the Italian Parliament and the required appropriation made. This would mean no drastic interruption in the rhythm of work in the shipbuilding industries.

—SHIRLEY G. MACDONALD
Commercial Counsellor for Canada

Israel's Glass Industry

ATHENS—Nine factories make up Israel's glass industry; they employ over 800 workers and have a monthly turnover of a quarter of a million dollars. Three more glass factories are under construction. The industry produces sheet glass, hollow glassware, packing glass, pressed household ware, ampoules, glass silk, safety glass, medicinal and laboratory glass instruments, neon signs and electric light bulbs. Recent discoveries of quartz sand in the Negev area of the country have reduced the requirements of imported raw materials to only 10 per cent of total production costs.

Sheet glass in all thicknesses from 2 to 6 mm. can be produced at the rate of 40 tons a day and, in addition to meeting domestic needs, is being exported to the United Kingdom, Turkey and Cyprus. Safety glass production covers local demands and leaves a substantial amount for export. Initial foreign orders have been received for this product which is being used by the local automobile assembly industry.

The six hollow glass plants produce various kinds of clear and amber-coloured bottles, jars and household articles and have a total annual production capacity of over 30 million units. The capacity of the ampoule-producing factories has recently been increased to 15 million units a year, sufficient to cover local requirements.

Production of high-grade glass silk for insulation purposes began recently and output is now 12 tons a month. A new plant is being built to manufacture emery paper.



General Notes

ARGENTINA

Paper Industry—Argentina will invest some 20 million pesos in a new pulp and paper mill which is expected to be in operation by the end of 1954. Both mechanical and chemical pulps will be produced. The annual paper capacity will be 70,000 metric tons—Buenos Aires, Jan. 4.

AUSTRALIA

Board Mills Plan Standard Production—Tasmanian Board Mills Ltd. is bringing its big new mill in Tasmania into immediate production, it is reported, and standard production of container board will operate from the beginning of 1954. Waste paper will be the principal raw material. The company's timber division operated profitably on Tasmanian timber during the past year, but sustained heavier losses than anticipated in realizing imported timbers. The remaining stocks have been drastically written down.

The directors of the company report a constant demand for their Tasmanian hardwoods and have taken steps to increase the output of the sawmills, kilns and planing mill—Melbourne, Jan. 6.

BARBADOS

Tourist Industry—During the season ending March 1953, 12,000 holiday visitors and 3,000 business visitors came to the Island. They spent US\$1,100,000, Can.\$200,000, and Bolivars 600,000—Port-of-Spain, Jan. 8.

CUBA

First Steel Plant—The corner stone has been laid for Cuba's first steel plant at Guanabacoa on the outskirts of Havana. The new industry is expected to be in operation by the end of 1954. Production capacity will, of necessity, be comparatively small because of the limitations of equipment and items of manufacture. The plant will produce alloy and carbon steel bars and small structural shapes, and some stainless steel items. The steel will be produced from Cuban scrap—Havana, Jan. 12.

INDIA

Tube Well Scheme—The Government of India will spend Rs.240 million during the next three years on the construction of tube wells. The scheme envisages the sinking of 2,650 production tube wells and 350 exploratory ones in 15 states. Since the launching of the minor

irrigation schemes in 1950, the Government has constructed 940 tube wells. Most of them are in Uttar Pradesh, Punjab and Bihar; each tube well costs Rs.30,000—New Delhi, Jan. 5.

NETHERLANDS

International Land Reclamation Institute—Holland is expected to become the headquarters of a new international institute for land reclamation through which Dutch knowledge and experience in this field would become available to the world. It is expected that the Kellogg Foundation will contribute about one million guilders towards the new institute in the first few years of operation. The money is the gift of the Kellogg Foundation to the Netherlands for agriculture following the flood disaster last February.

The institute will be primarily a documentation centre but, in addition, Dutch experience and knowledge will likely be made available to other countries through the use of Dutch engineers as advisers—The Hague, Jan. 15.

SOUTH AFRICA

Imports and Exports Increase—Preliminary figures show that South Africa's imports during September 1953 rose by £7.3 million over the September 1952 total. During September, imports totalled £34.4 million and exports were £29.4 million, up £5 million from September 1952—Cape Town, Jan. 11.

TRINIDAD

New Government Department—A new government department, to be called the Department of Industry and Commerce, has been formed. With most government bulk purchasing, trade and price controls and rationing now ended, the old Control Board will be abolished and its remaining functions will be absorbed by the new department. It will also take over the promotion of industrial development—Port-of-Spain, Jan. 14.

Five-Year Program—Trinidad has just passed the halfway mark in its BWI\$43 million five-year economic program. The work is being financed by loans and grants from the United Kingdom, and out of surplus balances of the Colony. The principal expenditures in 1954 will be for water supply, roads, medical services, education, public buildings, electricity and housing—Port-of-Spain, Jan. 14.

TURKEY

Central Bank Printing Office—The Central Bank of Turkey is building a printing office to cover the country's requirements for bank notes, postage stamps and bond paper. It will be equipped with special machinery from Germany and the United States for the engraving and printing of this special paper for all the Government's needs and bonds for private industry. The printing office is expected to be operating by the end of 1954—Athens, Jan. 8.

Markets in the Textile Southland

Production of low-priced textiles, centered around Charlotte, North Carolina, has brought the South new earning power and increased its potential as a consumer of Canadian goods.

NEW ORLEANS—A combination of powerful factors has made the Southern United States the dominant U.S. producer of low-priced textiles. Eighty-one per cent of the cotton textiles and most of the synthetic fibre textiles originate in the six adjoining Southern States of North and South Carolina, Georgia, Alabama, Tennessee and Virginia. Some 1,500 textile plants are giving employment to 650,600 Southerners and constitute a basic feature of the South's industrial expansion.

Abundant and readily accessible raw materials, a large and adaptable labour pool, favourable factory conditions and immense purchasing power close at hand have combined in the last thirty years to change the centre of production from New England to these Southern States.

Production Pattern

A glance at the map reveals a production arrangement of classical simplicity. The raw materials—the cotton and synthetic fibres—are produced in Texas, Louisiana, and adjoining areas. They move east into the textile plants of the Southeast and the finished product continues the journey east and north to the densely populated areas of Philadelphia, New York, Boston, and similar centres. The rise of petrochemical plants since the 1930's in Texas and Louisiana to supply the ingredients for nylon, orlon, dacron and other synthetic fibres has given a vigorous impetus to this raw to finished product movement in the South.

The labour position is also an interesting one. Over the years the area of economic production of cotton has moved westward until it is now located in Texas and California. Behind the older cotton areas of the Carolinas, Georgia, Alabama and Mississippi are numerous farms of low per capita income, many of them operated by tenant farmers who are turning to mechanization and diversified farming to survive. In Alabama, for example, the number of tractors increased from 7,000 in 1940 to 50,000 in 1950. South Carolina, over the same period, saw a tractor increase of 467 per cent. More machines—greater production—fewer jobs on the farm made the advent of textile plants in this area a happy solution to a grim problem. To these people, who in many cases commute twenty to thirty miles to a plant, the average industrial wage of \$2,390 a year is highly attractive. A combination of subsistence farming and factory wages is being worked out to the advantage of all concerned. It is not uncommon to see in the Carolinas a large modern structure far out in the country with only a parking lot to mark its source of labour.

Favourable weather conditions keep the roads open the year round and the factories face no great expense for heating. The water supply—important in the textile industry—is reasonably abundant.

Charlotte Is Textile Capital

Raw material—labour—factory. There remains the market, without which the rest is meaningless. The city of Charlotte, North Carolina, is the unofficial capital of this textile kingdom. Within a radius of fifty miles of this city 4,600,000 spindles are in operation. Charlotte is 624 miles from New York—24 hours by truck, 14 hours by rail and $2\frac{3}{4}$ hours by plane. One hundred trucking firms, four railroads and four airlines answer the transport need. It is a pattern that, with modifications, ties the textile area to the markets and ensures constant and prompt deliveries.

It was against this rising tempo of textile production that I recently paid a visit of discovery to Charlotte, seeking markets for Canadian products.

I found in this city of 134 thousand a number of lumber wholesalers importing and interested in British Columbia and Alberta softwoods; two or three produce dealers interested in potatoes, rutabagas and apples; a large grocery wholesaler seeking apples in No. 10 tins and canned pink and chum salmon in No. 1 tall tins, and many people interested in Canadian scenery at summer vacation time. Previous inquiries had already revealed that other Canadian products were being shipped into the area, including newsprint, asbestos, beverages, Christmas trees and machinery. The steadily increasing purchasing power of these textile states should support a continued interest in most of these Canadian products—and others can be added.

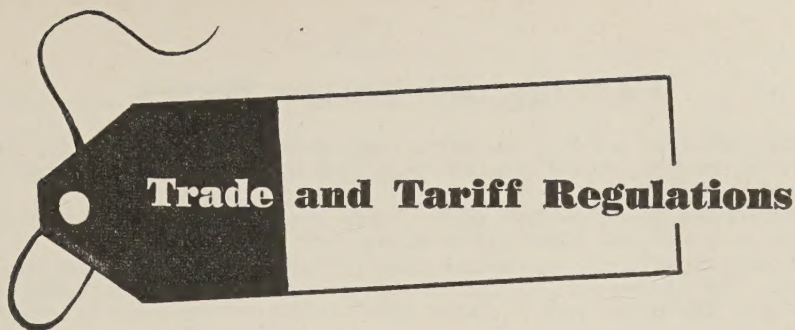
Transportation costs are frequently one of the main difficulties in the way of Canadian firms competing in these Southeastern States. During my visit I noted that there is a regular movement of textiles and textile machinery from the area to Canada by truck and this may open the way for return shipments of Canadian products.

—G. A. NEWMAN

Consul of Canada and Trade Commissioner

Indian Income Tax

Canadian firms exporting to India should bear in mind that they may be subject to income tax in that country. This is understood to be particularly likely where Canadian principals are selling through agents in India. However, where Canadian principals are exporting direct to Indian principals it is understood to be less likely that the Canadian firms would become subject to Indian taxation.



Trade and Tariff Regulations

BENELUX

Customs Tariff Revised—Effective January 1, various changes have been made in the customs tariff for Belgium, the Netherlands and Luxembourg. Duties remain suspended until the end of 1954 on various items including canned salmon, sawn lumber, Portland cement and acetone. During the same period, the duty will be reduced from 10 per cent to 5 per cent on certain kinds of synthetic silk yarns and from 6 per cent to 3 per cent on synthetic silk waste in the mass.

Duties were increased from 4 per cent to 10 per cent on disodium and trisodium phosphate, from free to 10 per cent on hydrogen peroxide, from free to 12 per cent on compositions and charges for fire extinguishers, from 6 per cent to 12 per cent on shuttles for spinning and weaving looms, and from 6 per cent to 18 per cent on wooden bobbins for spinning and weaving. None of the duties on the above-mentioned products is bound under a trade agreement.

Catalogues, price lists and commercial notices in the name of a foreign firm have been added to the list of imports which may be admitted duty-free by the competent Ministers under conditions which they shall determine—Brussels, Jan. 12.

An advance notice concerning the suspended duties on canned salmon and coniferous lumber was published in "Foreign Trade" of January 16.

INDONESIA

Excise Tax on Beer and Liquor Increased—Effective January 1, 1954, the Indonesian excise tax on beer has been increased from 30 to 82.50 rupiahs per hectolitre; and on spirits from 400 to 750 rupiahs per hectolitre of 50 per cent alcohol strength—Djakarta, Jan. 8.

UNITED STATES

Public Hearing Ordered on Investigation into Import of Alsike Clover Seed—The United States Tariff Commission has announced a public hearing, to begin at 10 a.m. on February 16, 1954, in the Hearing Room of the Tariff Commission, 8th and E Streets, N.W., Washington, D.C., in connection with the investigation which was instituted on December 2, 1953 (see *Foreign Trade*, December 19, 1953, page 27), with respect to imports of alsike clover seed.

Those interested will be given the opportunity to be present, to produce evidence, and to be heard at this hearing. Anyone desiring to appear at the hearing should notify the Secretary of the Commission, in writing, in advance of the date of hearing.

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.02860.

Country	Unit	Type of Exchange	Canadian dollar equiv. Jan. 21	Notes (See below)
Argentina	Peso	Preferential buying	·1296	
		Basic buying	·1944	
		Preferential selling	·1944	(1)
		Basic selling	·1296	
		Free	·06998	
Austria	Schilling		·03739	
Australia	Pound		2·1875	
Belgium Luxem- bourg & Belgian Dependencies ...	Franc		·01946	
Bolivia	Boliviano	Official	·00512	
British West Indies	Dollar		·5697	(3)
	Pound		2·7344	(4)
	Dollar	Brit. Honduras	·6835	
Brazil	Cruzeiro	Official selling	·05165	tax 8%
		Effective buying	·03428	(2)
		Coffee buying	·04162	(5)
Burma	Kyat		·2042	
Ceylon	Rupee		·2051	
Chile	Peso	Official	·00884	(1)
Colombia	Peso	Basic	·3889	
Costa Rica	Colon	Official	·1731	(6)
		Controlled free	·1464	
Cuba	Peso		·9722	tax 2%
Czechoslovakia ...	Koruna		·1350	
Denmark	Krone		·1408	
Dominican Republic	Peso		·9722	
Ecuador	Sucre	Official	·06482	(7)
		Free	·05597	
Egypt	Pound		2·7917	
Fiji	Pound		2·4634	
Finland	Markka		·00423	
France	Franc		·00278	
French Africa ...	Franc		·00556	
French Pacific ...	Franc		·01528	
Germany	D Mark		·2315	
Greece	Drachma		·000032	
Guatemala	Quetzal		·9722	
Haiti	Gourde		·1944	
Honduras	Lempira		·4861	
Hong Kong	Dollar	Free	·1662	*Jan. 8
Iceland	Krona	Official	·05970	
		Special buying	·04596	
		Special selling	·03703	
India	Rupee		·2051	
Indonesia	Rupiah	Basic	·08528	(8)

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Jan. 21	Notes (See below)
Iran	Rial	Official	·03014	
		Certificate	·01010	
Iraq	Dinar	.....	2·7221	
Ireland	Pound	.....	2·7344	
Israel	Pound	Effective basic	·9722	
		Premium	·5401	(9)
Italy	Lira	.....	·00156	
Japan	Yen	.....	·00270	
Lebanon	Pound	Free	·3050	
Mexico	Peso	.....	·1124	
Netherlands	Guilder	.....	·2569	
Netherlands Antilles	Guilder	.....	·5155	
New Zealand	Pound	.....	2·7344	
Nicaragua	Cordoba	Effective buying	·1473	(10)
		Official selling	·1378	
		With Surcharge I	·1207	
		With Surcharge II	·09673	
Norway	Krone	.....	·1361	
Pakistan	Rupee	.....	·2938	
Panama	Balboa	.....	·9722	
Paraguay	Guarani	Basic	·06482	(1)
		With Surcharge I	·04629	
		With Surcharge II	·03240	(11)
Peru	Sol	Certificate	·04839	
Philippines	Peso	.....	·4861	tax 17% (2)
Portugal	Escudo	.....	·03393	
El Salvador	Colon	.....	·3889	
Singapore & Malaya	Straits dollar	.....	·3190	
South Africa (Union of)	Pound	.....	2·7344	
Spain & Dependencies	Peseta	Basic buying	·04439	
		Basic selling	·08664	
		Basic commercial selling	·05918	(1)
		Free	·02496	
Sweden	Krona	.....	·1879	
Switzerland	Franc	.....	·2267	
Syria	Pound	Free	·2722	*Dec. 11
Thailand	Baht	Official	·07777	(1)
		Free	·04759	*Nov. 21
Turkey	Lira	.....	·3472	
United Kingdom	Pound	.....	2·7344	
United States	Dollar	.....	·9722	
Uruguay	Peso	Official	·6400	
		Basic buying	·5461	
		Special buying	·4136	(1)
		Basic selling	·5116	
		Special selling	·3968	
Venezuela	Bolivar	.....	·2902	(12)
Yugoslavia	Dinar	.....	·00324	

* Latest available quotation date.

NOTES

- Additional rates are in effect for specified goods.
- Tax affects selling (import) rates only.
- Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
- Bahamas, Bermuda, Jamaica.
- Brazil: Effective import rate is official rate plus free certificate rate. Certificate rate varies according to commodity.
- Costa Rica: Official rate applies to all Costa Rican exports.
- Ecuador; Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
- Indonesia: Basic rate applies to all exports and essential imports. Rupiah value for other than essential imports is reduced by 33½ per cent, 100 per cent or 200 per cent depending on product.
- Israel: An additional rate of 1 Israeli pound equals U.S. \$2.80 applies to imports of wheat and sugar only.
- Nicaragua: Effective buying rate applies to all Nicaraguan exports.
- Paraguay: Basic rate applies to most Paraguayan exports.
- Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory notes see *Foreign Trade* of October 11, 1952.

Fifty years

1904-1954

The February 6 issue of "Foreign Trade" will mark the fiftieth anniversary of the Trade and Commerce magazine. It is the custom and privilege of any periodical, on its fiftieth birthday, to look back and reminisce. "Foreign Trade" will be doing this.

But "Foreign Trade" did not reach its present stature by looking back, nor by settling into a comfortable middle age. While pausing to review the past, we are beginning our fifty-first year with the vigour and élan of youth. We think the February 6 issue of "Foreign Trade" will interest